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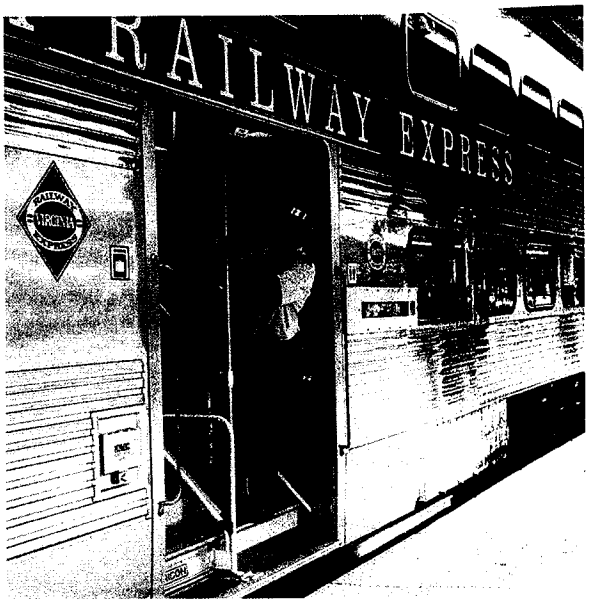
Massachusetts Bay Transportation Authority

Keolis Commuter Services

Statement of Qualifications for MBTA Commuter Rail Services



Presented by **Keolis Commuter Services**

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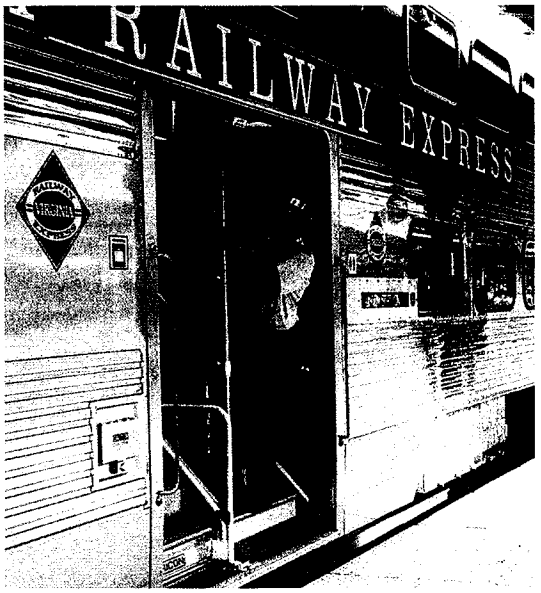
Massachusetts Bay Transportation Authority

Keolis Commuter Services

Statement of Qualifications for MBTA Commuter Rail Services



Presented by **Keolis Commuter Services**

COVER LETTER

Massachusetts Bay Transportation Authority

Keolis Commuter Services

COVER LETTER

Keolis
Rail Services America

SNCF

July 19, 2012

Ms. Claudia R. Russell
Chief Procurement Officer
Massachusetts Bay Transportation Authority
Ten Park Plaza, Room 2810
Boston, MA 02116-3974

Dear Ms. Russell:

It is our great pleasure to submit to the MBTA this Statement of Qualifications for Keolis Commuter Services LLC (KCS), in response to the MBTA's Request for Qualifications (RFQ) for Commuter Rail Operations and Maintenance Services , dated May 25, 2012. KCS is a joint venture company, to be formed prior to submission of its proposal, comprised of two of the leading commuter and passenger rail service providers in the world:

- Keolis operates over 6,000 daily commuter trains in the United States, the United Kingdom and Germany. Keolis Rail Services America, a wholly-owned subsidiary of Keolis and operators of the Virginia Railway Express commuter rail service, will be the majority partner in KCS.

- SNCF, the French National Railway, operates over 1,000 daily intercity passenger trains, including the foremost high speed train service in the world, the TGV, and 12,000 daily commuter trains in 22 cities and metropolitan regions across France. SNCF America Inc., a wholly-owned subsidiary of SNCF, will be the minority partner in KCS and will provide managerial and technical resources to KCS, as SNCF currently does in over 100 countries around the world.

As required in Section 5.3.1 of the RFQ, Keolis Commuter Services is hereby indicating its desire to be considered for the MBTA commuter rail contract. All of the 18,000 daily commuter trains operated by Keolis and by SNCF are done so under the provisions of governing agreements with public transportation authorities, so that, while we are well-experienced in the provision of safe, high quality, cost effective commuter rail services, we are equally proficient in doing this in compliance with the terms, conditions and standards of agencies like the MBTA. Safety, service quality, customer satisfaction and responsiveness to the agency that hired us are prominent among the basic tenets that define our approach to the provision of commuter rail services.

KCS' single point of contact for the MBTA commuter rail contract procurement will be:

Mr. Steve Townsend; President; Keolis Rail Services America LLC; 51 Monroe Street, Suite 601; Rockville, MD 20850; Telephone: 301-251-5612; Fax: 301-251-5616; E-mail: stownsend@keolis.com

Attached to this Cover Letter is the "Acknowledgement of Receipt" form from Appendix B of the RFQ, acknowledging KCS' receipt of the RFQ, subsequent Addendum and the MBTA's responses to questions.

Thank you for this opportunity to present the experience and the qualifications of the two constituent firms which comprise Keolis Commuter Services. We ask for the MBTA's consideration of the information contained in this document and we are ready to answer any questions which you may have about it and our ability to operate and maintain the MBTA commuter rail service.

Sincerely,

Steve H. Townsend
President
Keolis Rail Services America

Alain Leray
Chief Executive Officer
SNCF America, Inc.

ACKNOWLEDGMENT OF RECEIPT

(To be attached to Statement of Qualifications cover letter)

Keolis Commuter Services, LLC

(Name of Proposer)

We hereby acknowledge receipt of the Massachusetts Bay Transportation Authority Passenger Rail Procurement Request for Qualifications dated May 25, 2012, and subsequent addenda and responses to questions issued by the MBTA.

ADDENDUM Number	**Date Issued**
#1	June 28, 2012

Response to Questions Number	**Date Issued**
1-20	June 28, 2012

Townsend.

(Signed)

07/20/12

(Date)

Steve Townsend

(Printed or Typed Name)

President

(Title)

(Signed)

07/20/12

(Date)

Alain Leray

(Printed or Typed Name)

Chief Executive Officer

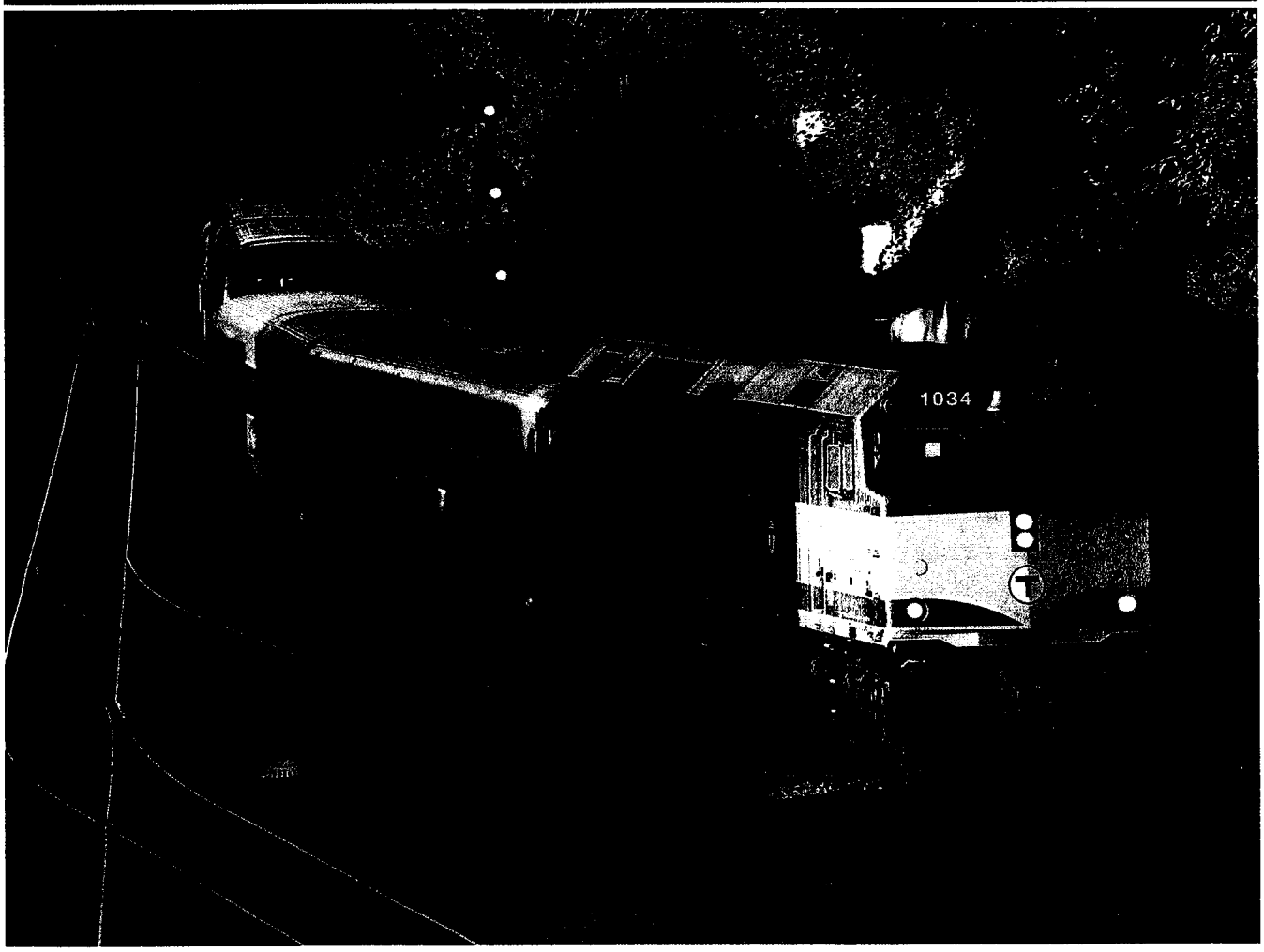
(Title)

SECTION ONE-
LEGAL

Massachusetts Bay Transportation Authority

Keolis Commuter Services

SECTION ONE – LEGAL



Section One — *Legal*

Section 1 of the KCS SOQ contains Form L-1 and the legal documentation and certifications affirming the equity participation of Keolis and SNCF in Keolis Commuter Services as a Proposer for the MBTA Commuter Rail Services contract and responds to the requirements of Section 5.3.2.1 of the RFQ.

As introduced in the Cover Letter, Keolis Commuter Services is a joint venture comprised of two of the leading providers of passenger and commuter rail services in the world, Keolis and SNCF. Together they operate almost 18,000 commuter trains every day, safely, reliably and with constantly growing levels of customer satisfaction. In addition, all of these trains are operated under contract to public authorities, such as the MBTA. Customer satisfaction, as defined by Keolis and SNCF, doesn't just mean the passengers on board their trains. It also means these public agencies that have entrusted these two operators with their assets, their passengers and their good names.

Further, because SNCF is the majority shareholder of Keolis, their respective management teams work closely together, know each other well and share a set of common values that are manifested in every contract commuter rail service operated by either entity. These common values include:

- ***An all-encompassing focus on safety*** — Safety is more than just a value to Keolis and SNCF. It's an element that has to be present in every activity related to passenger and commuter rail service provision before the first train operates and for every train operated every day. The Keolis commuter rail operations referenced in Section 5 of this SOQ may take place in three different countries, but they operate under the governance of and adhere to the principles of one common safety policy, the Keolis General Safety Policy, which is introduced into and applied in each one of their services in each country.

  For their part, SNCF has operated the world renowned TGV high speed intercity passenger rail service for over 30 years: 750 daily trains operating at speeds in excess of 200 miles per hour. There has never been a passenger fatality on a TGV train.

- ***Training for our employees*** — How do we improve service safety, service performance and customer satisfaction. One of the most important aspects of our overall approach is an extensive employee training program, one that goes well beyond just the technical training mandated by the FRA and its various programs and features courses aimed at employee proficiency, employee awareness, employee advancement and dealing with the public, as well as many other courses provided as part of developing our most valuable asset, our employees.

- ***Customer service and customer satisfaction*** — We train our employees to be skilled in and always mindful of customer service. We work to develop better customer communications programs, enlisting both our people and technology in the effort. We frequently survey our customers to see what they really think about our service. The results:

  - The four Keolis franchises in the UK have seen overall customer satisfaction increase from the mid-60% range to the high-80% range.

  - For SNCF, those percentages range from 79% overall to 87% for the TGV service.

- ***Regulatory and contractual compliance*** — In these areas, we don't just establish regulatory and contractual compliance programs. We audit them frequently and carefully analyze the results of those audits to ensure that we are complying with the standards of both the regulatory agencies having jurisdiction and the public agencies with whom we have entered into binding agreements for the services that we are providing. We take these obligations very seriously and work continuously to improve our compliance with both the regulatory and the contractual regimes governing a given service.

- ***Our relationship with the public agency that has hired us*** — To Keolis and to SNCF, this relationship always begins with responsiveness. A public agency contracting for a commuter rail service faces a variety of pressures from customers, from needing to do more with limited financial resources and from political bodies providing financial support. These agencies don't need a service provider that they have hired turning every request into a prolonged negotiation, or worse, failing to respond at all. Both Keolis and SNCF have a long tradition of responding to the requests of the agencies that have hired us to provide services, promptly, completely and effectively. This is how a solid working relationship between a contracting agency and a contract services provider is established and is sustained.

These are the values that define Keolis and SNCF and that will be manifested by the joint venture, Keolis Commuter Services, described in this section of our SOQ.

The order in which Form L-1 and the various required legal documents and certifications will appear in this Section 1 is as follows:

- Form L-1
- Foreign Corporation Certificate
- Percent Share of Each Member Firm
- Statement of Joint and Several Liability
- Powers of Attorney
- Legal Structure and Supporting Documents

Form L-1

FORM L-1

PROPOSER'S ORGANIZATION INFORMATION

PROPOSER

Name of Entity: Keolis Commuter Services, LLC
Address:

Contact Name: Steve Townsend
Title:
Telephone Number: 301-251-5612
E-mail: stownsend@keolis.com

LOCAL / REGIONAL CONTACT (if different from above)

Name: Steve Townsend
Address: 51 Monroe St, Suite 601
Rockville, MD 20850

Telephone Number: 301-251-5612
E-mail: stownsend@keolis.com

NAME(S) OF PROPOSER FIRMS (if a Joint Venture, Limited Liability Company, or partnership)

Company Name	Address and E-mail Address	Name of Contact	Telephone Number
Keolis Rail Services America, LLC	51 Monroe Street, Suite 601 Rockville, MD 20850 stownsend@keolis.com	Steve Townsend	301-251-5612
SNCF America, Inc.	7620 Old Georgetown Road, Suite 1013 Bethesda, MD 20814 alain.leray@sncf.fr	Alain Leray	301-338-3002

Foreign Corporation Certificate

F

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

Foreign Limited Liability Company
Application for Registration
(General Laws Chapter 156C, Section 48)

Federal Identification No.: 27-0720824

(1a) The exact name of the limited liability company:

Keolis Rail Services America, LLC

(1b) If different, the name under which it proposes to do business in the Commonwealth of Massachusetts:

(2) The jurisdiction* where the limited liability company was organized:

Delaware

(3) The date of organization in that jurisdiction: 08/10/2009

(4) The general character of the business the limited liability company proposes to do in the Commonwealth: Engaging in any lawful activity under the General Laws and providing transportation Services

(5) The business address of its principal office:

51 Monroe Street, Suite 601 | Rockville | MD | 20850

(6) The business address of its principal office in the Commonwealth, if any:

(7) The name and business address, if different from principal office location, of each manager:

Steve Townsend 51 Monroe Street Suite 601 Rockville MD 20850

Gregg Baxter 51 Monroe Street, Suite 601 Rockville MD 20850

(8) The name and business address of each person authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property recorded with a registry of deeds or district office of the land court:

NAME	ADDRESS
Steve Townsend	51 Monroe Street, Suite 601, Rockville MD 20850

(9) The name and street address of the resident agent in the Commonwealth:

National Corporate Research, Ltd.

10 Milk Street, Suite 1055 Boston MA 02108

(10) The latest date of dissolution, if specified: _____

(11) Additional matters:

Signed by *(by at least one authorized signatory)*: _____

I National Corporate Research, Ltd.
resident agent of the above limited liability company, consent to my appointment as resident agent pursuant to G.L. c156C § 48 (or attach resident agent's consent hereto).

** Attach a certificate of existence or good standing issued by an officer or agency properly authorized in home state.*

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KEOLIS RAIL SERVICES AMERICA, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTIETH DAY OF JUNE, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "KEOLIS RAIL SERVICES AMERICA, LLC" WAS FORMED ON THE TENTH DAY OF AUGUST, A.D. 2009.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

4718885 8300

120759559

You may verify this certificate online at corp.delaware.gov/authver.shtml

Jeffrey W. Bullock, Secretary of State

AUTHENTICATION: 9657806

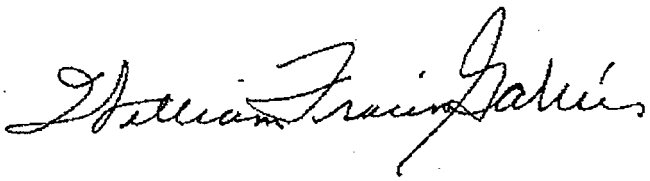
DATE: 06-20-12

MA SOC Filing Number: 201296456380 Date: 6/21/2012 11:10:00 AM

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

June 21, 2012 11:10 AM



WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

F
FPC

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

FORM MUST BE TYPED

Foreign Corporation Certificate of Registration

FORM MUST BE TYPED

(General Laws, Chapter 156D, Section 15.03; 950 CMR 113.48)

(1) Exact name of the corporation, including any words or abbreviations indicating incorporation:

SNCF AMERICA INC.

(2) Name under which the corporation will transact business in the commonwealth that satisfies the requirements of G.L. Chapter 156D, Section 15.06:

If applicable, please attach:

- an agreement to refrain from use of the unavailable name in the commonwealth; and
- a copy of the doing business certificate filed in the city or town where it maintains its registered office; and
- a copy of the resolution of the corporation's board of directors, certified by its secretary, the name under which the corporation will transact business in the commonwealth pursuant to 950 CMR 113.50(4).

(3) Jurisdiction of incorporation: DELAWARE

Date of incorporation: December 20, 2010 *(month, day, year)* Duration if not perpetual:

(4) Street address of principal office: 7620 Old Georgetown Road, # 1013, Bethesda, MD 20814 *(number, street, city or town, state, zip code)*

(5) Street address of registered office in the commonwealth: 84 State Street, Boston, MA 02109 *(number, street, city or town, state, zip code)*

Name of registered agent in the commonwealth at the above address: Corporation Service Company

I, Corporation Service Company by Mary Wiemer Asst VP
registered agent of the above corporation consent to my appointment as registered agent pursuant to G. L. Chapter 156D, Section 5.02.*

* *Or attach registered agent's consent hereto.*

EC

(6) Fiscal year end: December 31st
(month, day)

(7) Brief description of the corporation's activities to be conducted in the commonwealth:

Seeking rail projects and any other lawful business under the General Laws.

(8) Names and business addresses of its current officers and directors:

	NAME	BUSINESS ADDRESS
President:	Alain Leray	7620 Old Georgetown Road, # 1013, Bethesda, MD 20814
Vice-president:		
Treasurer:	Alain Leray	7620 Old Georgetown Road, # 1013, Bethesda, MD 20814
Secretary:	Alain Leray	7620 Old Georgetown Road, # 1013, Bethesda, MD 20814
Assistant secretary:		
Director(s):	Hervé Le Caignec, (Chairman); Bernard Emsellem, Gilles Mugnier, Carole Tourney	

Attach certificate of legal existence or a certificate of good standing issued by an officer or agency properly authorized in the jurisdiction of organization. If the certificate is in a foreign language, a translation thereof under oath of the translator shall be attached.

This certificate is effective at the time and on the date approved by the Division, unless a later effective date not more than 90 days from the date of filing is specified:

Signed by: _____

(signature of authorized individual)

- ☐ Chairman of the board of directors,
- ☒ President,
- ☑ Other officer,
- ☐ Court-appointed fiduciary,

on this 17th day of July, , 2012 .

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "SNCF AMERICA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTIETH DAY OF JULY, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "SNCF AMERICA INC." WAS INCORPORATED ON THE TWENTIETH DAY OF DECEMBER, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

Jeffrey W. Bullock, Secretary of State

4915983 8300

AUTHENTICATION: 9723566

120855958

DATE: 07-20-12

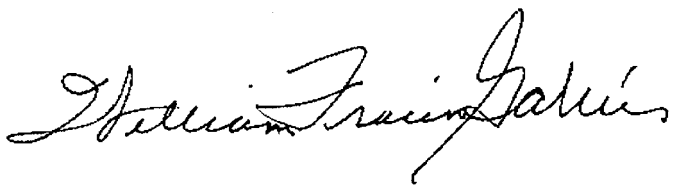
You may verify this certificate online at corp.delaware.gov/authver.shtml

MA SOC Filing Number: 201298544120 Date: 7/20/2012 5:21:00 PM

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

July 20, 2012 05:21 PM



WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

Percent Share of Each Member Firm

Keolis
Rail Services America

SNCF

MBTA
For the attention of Lauren Coughlin
Ten Park Plaza
Room 2810
Boston
MA 02116 - 3974

July 20, 2012

Percentage equity share held by each member

With reference to the Request For Qualifications (RFQ) for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority ("MBTA") as amended by Addendum No.1 dated June 28, 2012,

- ***Shareholding:***
  Keolis : 60%
  SNCF : 40%

- ***Corporate name of the joint venture:***
  Keolis Commuter Services

- Legal entity : Limited Liability Company

Sincerely,

Steve H. Townsend
President
Keolis Rail Services America

Alain Leray
Chief Executive Officer
SNCF America, Inc.

Statement of Joint and Several Liability

Keolis
Rail Services America

MBTA
For the attention of Lauren Coughlin
Ten Park Plaza
Room 2810
Boston
MA 02116 - 3974

July 20, 2012

Statement of joint and several liability

With reference to the Request For Qualifications (RFQ) for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority ("MBTA") as amended by Addendum No.1 dated June 28, 2012,

Keolis Rail Services America LLC ("KRSA") submitted a Statement of Qualifications (SOQ) (as defined in the RFQ) on July 26, 2012 together with SNCF America Inc. according to which, in case their SOQ and subsequent proposal were selected by the MBTA, KRSA would hold 60% and SNCF America 40% of the shares in Keolis Commuter Services LLC, the operating company which would operate and maintain the Commuter Rail System and which would enter into the Contract (as defined in the RFQ).

We hereby confirm that should Keolis Commuter Services LLC be awarded the Contract, KRSA will be jointly and severally liable with SNCF America Inc. to the MBTA for their obligations as shareholders of Keolis Commuter Services LLC during the term of the Contract.

Yours sincerely,

S Townsend.

Steve Townsend
President

MBTA
For the attention of Lauren Coughlin
Ten Park Plaza
Room 2810
Boston
MA 02116 - 3974

July 20, 2012

Statement of joint and several liability

With reference to the Request For Qualifications (RFQ) for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority ("MBTA") as amended by Addendum No.1 dated June 28, 2012,

SNCF America, Inc. ("SNCF") submitted a Statement of Qualifications (SOQ) (as defined in the RFQ) on July 26, 2012 together with Keolis Rail Services America, LLC. according to which, in case their SOQ and subsequent proposal were selected by the MBTA, KRSA would hold 60% and SNCF America 40% of the shares in Keolis Commuter Services LLC, the operating company which would operate and maintain the Commuter Rail System and which would enter into the Contract (as defined in the RFQ).

We hereby confirm that should Keolis Commuter Services LLC be awarded the Contract, SNCF America, Inc. will be jointly and severally liable with Keolis Rail Services America LLC. to the MBTA for their obligations as shareholders of Keolis Commuter Services LLC during the term of the Contract.

Yours sincerely,

Alain Leray
Chief Executive Officer

Legal Structure

Confidential

KEOLIS RAIL SERVICES AMERICA, LLC / SNCF AMERICA, INC.
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding sets forth the material terms of the Operating Agreement of the LLC to be formed in connection with the operation and maintenance of the Commuter Rail System of the Greater Boston Area (the "Boston Project").

1.	**Parties**	The Parties to this Memorandum of Understanding ("MOU") and to the final Operating Agreement are : • SNCF America Inc. ***("SNCF")*** and • Keolis Rail Services America LLC (**"*Keolis*"**) (the "**Members**").
	Purpose	Setting out the terms of cooperation governing the Parties' participation in JV NewCo (as defined below) and their respective obligations concerning the governance of JV NewCo.
2A	**Corporate Structure**	• **Membership:** Keolis : 60% SNCF : 40% • ***Corporate name of the joint venture:*** Keolis Commuter Services (**"JV NewCo"**) • Legal entity : Limited Liability Company • Corporate governance bodies: Managing Director reporting to a Board of Managers (the "Board")
2B	**Funding**	**Initial and further funding**: initial and further funding shall be provided by the Members in proportion to their membership shares and in such amounts as the Board unanimously determines.
3	**Purpose and Business**	• JV Newco will be dedicated to the operation and maintenance of the **Boston Project**.
4	**Board of Managers**	• **Responsibilities of the Board:** the Board shall ensure that the activity is conducted in

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		the interest of JV Newco. It will be responsible for making key decisions in accordance with applicable laws and the Operating Agreement. • **Matters requiring Board approval:** matters requiring the approval of the Board either through majority vote or through unanimity (the "**Reserved Matters**") are set out in Attachment A. • **Number of directors:** the Board shall be composed of five (5) managers appointed as follows : 3 proposed by Keolis and 2 by SNCF. One of the managers to be proposed as Chairman. Each Party will have the ability to appoint alternate managers. • **Terms of appointment:** the managers shall be appointed for a three-year period. No termination indemnity to appointed persons upon their removal and appointing Member to indemnify the JV NewCo from any potential liability resulting from the removal of a manager. • ***Travel costs and manager fees***: reasonable travel costs to be reimbursed by the JV NewCo. No manager fees.
5	**Meetings and Voting**	• **Appointment of Chairman**: To be determined. • **Decisions**: decisions of the Board shall be by majority vote except in case of Reserved Matters. Reserved Matters must be decided unanimously by the Board or the Members as the case may be. • **Quorum:** shall be reached if all managers are present. If the quorum is not reached, a second meeting shall be convened and the presence of at least two Keolis managers and at least one SNCF manager shall constitute a quorum. • **Board meetings**: on a quarterly basis but at greater frequency if the Board so determines. Managers to be given not less than seven

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		days' notice before each meeting of the Board. • **Voting**: flexibility to be maintained regarding the passing of resolutions (unanimous written resolutions permitted). Each manager shall have one voting right. • **Meetings**: Board meetings may be held by telephone and video conferences.
6	**Management Team**	• **Responsibilities:** the Management team, headed by the General Manager, shall propose JV NewCo' strategy to the Board, establish budgets to be approved by the Board, establish and perform reporting to the Board and manage the day-to-day operations of JV NewCo. Delegation of authorities of the Management are set out in Attachment A. • Whenever appropriate, Management Team shall manage the operation and maintenance contract with the authority with whom the operating and maintenance contract is entered into (the "**Agency**") and handle the relationship with the Agency, • **Appointment**: The Board shall appoint the members of the Management Team. The General Manager shall be proposed for appointment or dismissal to the Board by Keolis. The other members of the Management Team shall be proposed to the Board by the General Manager. The positions within the Management Team are described in Attachment B.
7	**Reporting / Information**	• **Records**: Members shall have access to all documents and information regarding operations, financial and legal issues of JV NewCo at all reasonable times and at the requesting Member's cost. • **Annual financial statements**: the JV NewCo shall prepare annual financial statements in accordance with applicable laws and GAAP and such statements shall be distributed to the Members within two (2) months of the end of a financial year.

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		• **Independent auditor**: to the extent required, an independent auditor shall be appointed by the Board.
8	**Members Guarantees**	• **Guarantees**: In case a joint and several liability of the Members under any guaranty is granted, the Members agree that if a claim is made against a Member for an amount exceeding the proportion of such Member's membership shares, then such Member shall be entitled to be indemnified by the other Member for the exceeding amount.
9	**Sale of Membership Shares**	• Each Members shall have a right of first refusal with respect to any proposed sale by the other Member of its shares to a third party. Price mutually agreed or determined by external expert • Pre-emption Rights and anti-dilution clause to be included in the Operating Agreement
10	**Other Transfer of Membership Shares**	• Each Member may freely transfer any or all of its membership share in JV NewCo to one of its affiliates (being defined as a wholly-owned subsidiary of such Member or a holding company wholly-owned by such Member or any wholly-owned subsidiary of that holding company) • Transfer to a third party shall require consent of the other Member.
11	**Distribution**	• Distribution each year of the maximum amount after having made necessary, reasonable and prudent provisions and reserves for operating expenses and taxation and having regards to all applicable laws and the Operating Agreement.
12	**Announcements, Publicity and Confidentiality**	• **Confidentiality**: except as required by law or if already in the public domain, the Members shall keep the Operating Agreement and any JV NewCo related information confidential • **Publicity**: neither Member shall make any public announcements on a bid result without the prior consent of the other Member.

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13	**Undertakings and Representations**	• The Members shall give mutual warranties that they: (i) have obtained all corporate and other authorisations to enter into the Operating Agreement; (ii) will act in good faith in the performance of the Operating Agreement and in transactions involving JV NewCo; (iii) provide information upon reasonable and relevant request of the other Member; and (iv) discharge its obligations under the Operating Agreement.
14	**Term**	The Operating Agreement shall enter into force on the date of final award of the operation contract and remain in force and shall not be amended or terminated without the approval of the parties; or unless one Member holds all of the issued shares; or both Members transfer simultaneously their shares to a third party.
15	**Deadlock**	In case of disagreement on any matter leading to a deadlock, the matter shall be settled following an escalation procedure to be agreed within the relevant decision making persons/bodies of Keolis SA and SNCF.
16	**Governing Law**	The Operating agreement shall be governed by the laws of Delaware.
17	**Default Event**	List of Default Events to be discussed but to include customary events such as : • material breach of a Member of its obligations under the Operating Agreement, and in the case of a breach that can be cured, failure to cure the same within 21 days after being required in writing to do so by the other Member; • a Member being responsible for a material breach of the operation contract between the Agency and JV NewCo without having cured such breach within the deadline mentioned in a written notice sent by JV NewCo and/or the other Member; • insolvency or liquidation of a Member. In case the default is not (or cannot be) remedied, the non-defaulting Member shall be entitled to require the defaulting Member to sell all of its shares in JV NewCo to the non- defaulting Member at their fair value reduced by 10%, as such value shall be determined by

ST A.L

		the independent auditor of JV NewCo, if any, or by an independent expert appointed by mutual agreement of the Parties and to terminate the Operating Agreement.
18	**Intellectual Property**	The Members may allow the use of their respective intellectual property to JV NewCo by means of a licence with an appropriate royalty.
19	**Members Support**	Members to provide resources and expertise on an arms length basis such as: • Advice to JV NewCo. • Secondment of specialised staff • Technical audits on site on a regular basis or at request
20	**Attachment A**	• **Matters requiring the approval of the Members, Board of Managers of JV NewCo**
21	**Attachment B**	• **Management Team**

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Understanding by their duly-authorized representative as of the __ day of July, 2012.

Steve H. Townsend
President
Keolis Rail Services America

Alain Leray
Chief Executive Officer
SNCF America, Inc.

Powers of Attorney

KEOLIS RAIL SERVICES AMERICA, LLC

POWER OF ATTORNEY

Keolis Rail Services America, LLC, a Delaware limited liability company qualified to do business in Massachusetts (the "Company"), hereby irrevocably appoints Steve Townsend and Gregg Baxter, jointly and severally, with full power of substitution, its true and lawful attorneys-in-fact with full, irrevocable power and authority in the Company's place and stead and in the Company's name and on its behalf to do any and all things required to be done in connection with the Request for Qualifications for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority, as amended, as fully and effectually as the Company could do, including, without limitation, the power to execute, endorse, declare or swear to all documents and instruments, and to perform any act, necessary, required or desirable in connection with the foregoing. This power of attorney is coupled with an interest and shall be irrevocable.

IN WITNESS WHEREOF, the Company has caused these presents to be signed by its duly authorized Manager on July 9, 2012.

KEOLIS RAIL SERVICES AMERICA, LLC

By: S Townsend.
Steve Townsend
Manager

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) SS.:

On the 9th day of JULY in the year 2012 before me, the undersigned, a Notary Public in and for said State, personally appeared Steve Townsend, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXP. 2/2/2016

6192084.1

KEOLIS RAIL SERVICES AMERICA, LLC

POWER OF ATTORNEY
FOR
POINT OF CONTACT

Keolis Rail Services America, LLC, a Delaware limited liability company qualified to do business in Massachusetts, as a member of limited liability company to be formed (the "Proposer"), hereby irrevocably appoints the Proposer's designated point of contact, Steve Townsend, with full power of substitution, the Proposer's true and lawful attorney-in-fact with full, irrevocable power and authority in the Proposer's place and stead and in the Proposer's name to sign documents for and on behalf of Proposer's organization relating to the Request for Qualifications for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority, as amended (the "RFQ"), and do any and all things required to be done in connection with the RFQ, as fully and effectually as the Proposer could do. This power of attorney is coupled with an interest and shall be irrevocable.

IN WITNESS WHEREOF, Keolis Rail Services America, LLC has caused these presents to be signed by its duly authorized Manager on July 9, 2012.

KEOLIS RAIL SERVICES AMERICA, LLC

By: S Townsend

Steve Townsend
Manager

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) SS.:

On the 9th day of July in the year 2012 before me, the undersigned, a Notary Public in and for said State, personally appeared Steve Townsend, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

6212212.1 EXP. 2/2/2014

SNCF AMERICA, INC.

POWER OF ATTORNEY

I, the undersigned, Alain Leray, acting as CEO of SNCF America Inc., a Delaware corporation qualified to do business in Massachusetts (the "Corporation") and in accordance with the resolutions of the Board of the Corporation dated 18th day of July 2012, hereby certify that I am duly empowered as true and lawful attorney-in-fact with full, irrevocable power and authority to act in the Corporation's place and stead and in the Corporation's name and on its behalf to do any and all things required to be done in connection with the Request for Qualifications for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority, as amended, as fully and effectually as the Corporation could do, including, without limitation, the power to execute, endorse, declare or swear to all documents and instruments, and to perform any act, necessary, required or desirable in connection with the foregoing.

By: _____
Alain Leray
Chief Executive Officer

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) SS.:

On the 6th day of July in the year 2012 before me, the undersigned, a Notary Public in and for said State, personally appeared Alain Leray, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

6192084.1 Exp. 2/2/2012

SNCF AMERICA, INC.

POWER OF ATTORNEY
FOR
POINT OF CONTACT

SNCF America, Inc. a Delaware corporation qualified to do business in Massachusetts, as a member of limited liability company to be formed (the "Proposer"), hereby irrevocably appoints the Proposer's designated point of contact, Alain Leray, with full power of substitution, the Proposer's true and lawful attorney-in-fact with full, irrevocable power and authority in the Proposer's place and stead and in the Proposer's name to sign documents for and on behalf of Proposer's organization relating to the Request for Qualifications for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority, as amended (the "RFQ"), and do any and all things required to be done in connection with the RFQ, as fully and effectually as the Proposer could do. This power of attorney is coupled with an interest and shall be irrevocable.

IN WITNESS WHEREOF, SNCF America, Inc. has caused these presents to be signed by its duly authorized Manager on July 9, 2012.

SNCF AMERICA, INC.

By: _____
Alain Leray
Chief Executive Officer

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) SS.:

On the 9th day of JULY in the year 2012 before me, the undersigned, a Notary Public in and for said State, personally appeared Alain Leray, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

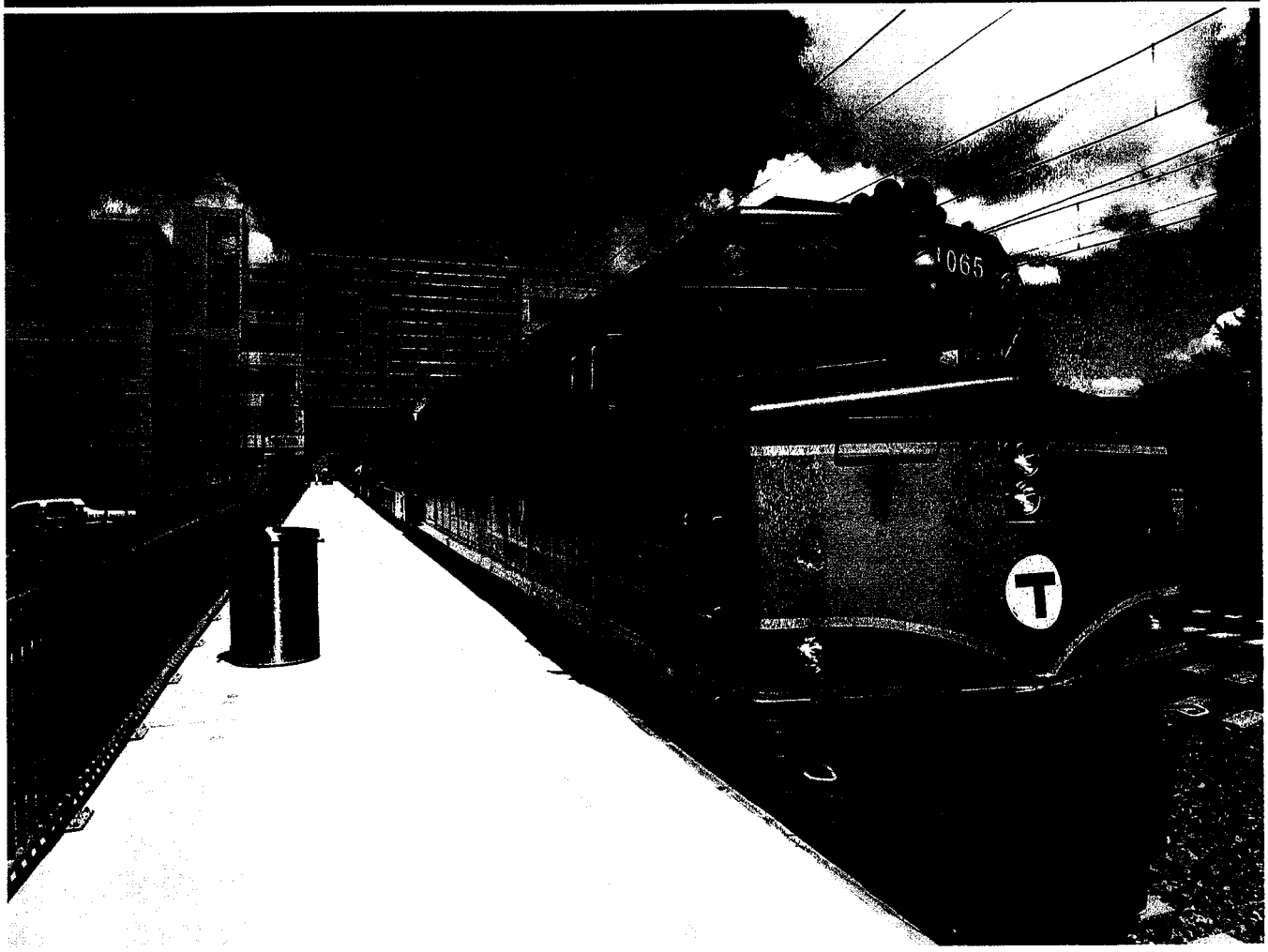
_____
Notary Public

6212212.1

EXP. 2/2/2016

SECTION TWO-
FINANCIAL

SECTION TWO – FINANCIAL



Section Two — *Financial*

Section 2 of the KCS SOQ contains the required financial information from Keolis SA and SNCF and responds to the requirements of Section 5.3.2.2 of the RFQ.

The required financial information for Keolis Rail Services America is consolidated at the level of corporate parent Keolis SA in the three most recent years of audited financial statements for Keolis SA, contained herein. Please note that there are no credit ratings that exist for Keolis SA.

The required financial information for SNCF America, Inc. is consolidated at the level of corporate parent SNCF in the three most recent years of audited financial statements for SNCF, contained herein.

Financial information is presented in two separate sections, Keolis first and then for SNCF in the following order:

- Financial Statements
- U.S. Dollar Converted Financial Statements Summary
- Material Change Statement
- U.S. GAAP / IFRS Conversion Statement
- Off-Balance Sheet Liability Statement
- Credit Ratings (if applicable)
- Guarantor Letter of Support

Financial Information for Keolis SA
Parent of Keolis Rail Services America LLC
Majority Shareholder in
Keolis Commuter Services

Financial Statements (Keolis)

Keolis S.A.

FINANCIAL REPORT 2011

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A. Management Report of the Board of Directors at the Annual General Meeting

on 3rd May 2012

Ladies and Gentlemen,

We have convened this annual Ordinary General Meeting, in accordance with legal, regulatory and statutory requirements to report to you on the activities of our Company during the year ended 31st December 2011 and submit for your approval the annual and consolidated accounts of that year.

In addition, your auditors will also read their reports to you.

For our part, we are at your disposal to provide any clarification and further information that you might find desirable.

We will resume below, successively, the various items of information as required by the relevant regulations.

BUSINESS ACTIVITY AND DEVELOPMENT

In France, the year 2011 was marked by offensive gains in Orleans, Aix en Provence, Metz and Epinal, whose effects will be felt in 2012. In addition, Keolis Group successfully launched the new Bus networks in Lyon and bus phase 1 in Lille and has also helped launch the tramway in Angers as well as the introduction of self-service bicycles in Lille, Laval and Angers.

Internationally, the year 2011 confirmed the direction of the Group in its development policy. Indeed, several tenders were won in Sweden (Nykoping, Norrtalje, Gothenburg, Green Line, Jonkoping, E19) but also in the Netherlands (Midden, Veluwe and Achterhoek bus). In England, we won the bidding for Nottingham through a consortium which includes the management of existing tramway lines but also the development of new lines in a Public-Private Partnership scheme. Furthermore, the startup of the Gold Coast in Australia should be noted. The year ended with the acquisition of KTA in the United States.

GROUP BUSINESS ACTIVITY AND RESULTS FOR 2011

The Group's turnover stood at €4,292.5 million, an increase of €314.3 million, +7.9% from 2010. This growth came from a favorable currency impact amounting to €31.9 million from a depreciation of the euro against mainly the Swedish krona and Australian dollar. The effect of consolidation was €7.9 million thanks to international acquisitions made during 2011. Organic growth amounted to €276.7 million with the winning of multiple contracts, particularly in Sweden (€48.9 million) and the Netherlands (€25.9 million)

The recurrent EBITDA amounted to €229.3 million, an increase of +€16.5 million or +7.8% over the previous year. The currency impact accounted for +€0.3 million; excluding the currency impact, total growth would be +7.6%. The Group also recorded a technical effect of -€2.5 million over the year. Excluding the technical effect and excluding the currency impact, total growth would be +8.8%.
The effect on consolidation associated with international acquisitions was positive at €1.6 million. The Group's organic growth was positive at €17.2 million, 8.1%, driven largely by the good performance of the UK.
The recurrent operating income followed a similar trend with an increase of +€10.3 million (+9.5%) compared to 2010 and amounted to €118.8 million.

Net income (Group share) for 2011 amounted to €48.4 million against €44.6 million in 2010.

The cash flow generation in 2011 was €71.2 million against €49.3 million in 2010; the increase of €21.9 million is explained by a greater WCR contribution of +€77.2 million but was offset by more significant investment flows than in 2010 (-€76.3 million).

The net debt of Keolis stood at -€18 million at the end of 2011 against €2 million at the end of 2010.

CONSOLIDATED ACCOUNTS

Revenues from ordinary activities stood at €4,294 million.

After taking into account all operating costs, the operating income totaled €107 million.

Net income (consolidated Group share) was €48.4 million.

FINANCIAL STATEMENTS

The financial statements are prepared in accordance with French GAAP.

Operating profit, including share of joint ventures, was €11,073 K against €4,745 K in 2010.

Financial income amounted to €60,016 K against €19,202 K in 2010.

After posting of an extraordinary loss of -€24,414 K and a corporation tax of €1,198 K, Keolis's financial statements show a net profit of €45,477 K.

SUBSIDIARIES AND HOLDINGS

The table attached to our balance sheet provides all the necessary information concerning our company's subsidiaries and holdings.

NOTIFICATION OF MAJOR HOLDINGS AND TAKEOVERS

During fiscal year 2011, Keolis acquired or took over:

Creation of Companies in France:

TRANSPORTS DE L'AGGLOMERATION DE METZ METROPOLE	November 2011	40%
KEOLIS EPINAL	November 2011	100%
KEOLIS ORLEANS VAL DE LOIRE	October 2011	100%
MOTION LINES	June 2011	100%
KEOLIS PAYS D'AIX	June 2011	100%
KEOLIS ROUEN VALLEE DE SEINE	May 2011	100%
KEOLIS ILE ET VILAINE	April 2011	100%

Abroad
In February 2011, establishment of SNCF/KEOLIS WEST COAST, 50% owned by Keolis.
In April 2011, establishment of KDR Gold Coast Pty Ltd, 51% owned by Keolis Australia (100% subsidiary of Keolis).

Furthermore, in October 2011, Keolis America, a fully-owned subsidiary of Keolis, acquired the entire share capital of the Group Tectrans, which became Keolis Transit America.

RESEARCH AND DEVELOPMENT ACTIVITY

The company did not incur any research-related expenditure during the year. Many development activities for new products and services are, however, incurred closer to the operational managers to ensure their ability to meet market requirements. The corresponding expenses are not isolated in profit or loss and have not been specifically monitored.

FORESEEABLE TRENDS AND FUTURE OUTLOOK

Strategic Plan
The group is currently undertaking an update of its strategic plan for the years 2013 to 2015.

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

Keolis S.A. became the sole shareholder of GROUPE ORLEANS EXPRESS.

CAPITAL INCREASE

No changes occurred during the fiscal year. On 31st December 2011, the company's share capital stood at €46,851,276.

INFORMATION ON PAYMENT DEADLINES

In accordance with articles L 441-6-1 and D 441-4 of the Commercial Code, we specify the breakdown, at the close of the last financial year, of the balance of debts to our suppliers by due date:

The balance of trade payables at the end of the year can be broken down as follows:

In thousands of euros	Fiscal Year 2011	Fiscal Year 2010
Amount of trade payables	4,136	4,652
Break-down by invoice due date		
- Invoices due:	(198)	126
* from 0 to 30 days	109	311
* from 31 to 60 days	328	474
* for more than 60 days *	(635)	(659)
- Invoices not yet due	4,334	4,527

ALLOCATION OF INCOME

NWe propose to allocate the profit for the year, which totaled €45,477,141.49 in the following manner:

Profit for the year	€45,477,141.49
Retained earnings	-
DISTRIBUTABLE PROFIT	**€45,477,141.49**
Other reserves	€1,416,058.84
TOTAL	**€46,893,200.33**
Allocation:	
Distribution of dividends	€19,130,937.70
Other reserves	€27,762,262.63

Consequently, the allocation of a €4.9 dividend per share will be proposed.

These dividends are not eligible for the 40% deduction since they are fully distributed to legal entities subject to corporation tax,

In accordance with legal requirements, you are requested to note that the amount of the dividend distributed and that of the corresponding dividend tax credit for the three previous fiscal years were as follows:

Fiscal year	Dividend	Distributed income eligible for the allowance	Distributed income not eligible for the allowance
2010	€19,130,937.70 €4.90 per share	-	€19,130,937.70
2009	€19,326,151.35 €4.95 per share	€41,000.85	€19,285,150.50
2008	50,365,121.70 €12.90 per share	€106,850.70	€50,258,271

The dividends will be paid on or after 4th May 2012.

Expenses not deductible for tax:
We advise you that non-tax deductible expenses within the meaning of Articles 223 quater and 223 quinquies of the General Tax Code, during the past fiscal year, totaled €178 K.

SHAREHOLDINGS

On 31st December 2011, KEOLIS S.A.S. GROUP owned 100% of the capital.

EMPLOYEE SHARES IN CAPITAL

On 31st December 2011, there were no employee shares in the Company's capital.

AGREEMENTS COVERED BY ARTICLES L. L225-38 AND L225-39 OF THE COMMERCIAL CODE

You will be read the Statutory Auditors' report on agreements made during the fiscal year and authorized by your Board pursuant to Article L225-38 of the Commercial Code.

DIRECTORS AND CONTROL OF THE COMPANY

1. Mode of exercise of the General Management
We report, in accordance with Article 148 of the Decree of 23rd March 1967, that your Board of Directors has opted to combine the functions of Chairman of the Board and CEO.

Mr. Michel Bleitrach was reappointed as CEO during the deliberation of 4th March 2011.
Mr. Michel Lamboley was appointed as Chief Operating Officer the same day.

2. Provisions of the Law of 26th July 1983 on the democratization of the public sector
As your Company falls within the scope of this law, three directors were elected by the employees. The Annual General Meeting of 4th March 2011 proceeded with the appointment of six directors representing the shareholders. All terms of office began on 4th March 2011 for a period of five years.

3. Terms of office and functions exercised by each of the executive officers
A list of the terms of office and functions exercised by each of the executives in office in 2011 is provided in the Annex of this report.

We hope that you will approve the above proposals and vote the resolutions to be submitted to you.

THE BOARD OF DIRECTORS

B. Appendices

1. LIST OF DIRECTORSHIPS AND POSITIONS HELD IN 2011 IN OTHER COMPANIES BY KEOLIS COPORATE OFFICERS

Michel BLEITRACH

Chairman	KEBEXA PARTICIPATIONS
Chairman/Chairman of the Board	KEOLIS S.A.S. GROUP
CEO/Director	KEOLIS
Chairman	KEOS MANAGEMENT
Chairman of the board	KEOLIS LYON *(until 5/05/2011)*
Director	KEOLIS BORDEAUX *(until 29/06/2011)*
Director	SÉCHILIENNE - SIDEC
Director	KDR Victoria Pty (Australie)
Director	SPIE
Director	VEDICI

Michel LAMBOLEY

Member of the Board	KEOLIS S.A.S. GROUP
Director/General Manager	KEOLIS
Director	KEOLIS LYON
Director	KEOLIS RENNES
Director	KEOLIS BORDEAUX
Director	TRANSPOLE
Director	EUROBUS HOLDING (Belgium)
Director	KEOLIS ESPANA

Jean-Michel FERRARIS

Chairman of the Board of Directors	EFFIA *(until 25/10/2011)*
Director	EFFIA
CEO	KEOLIS BORDEAUX *(until 26/10/11)*
Director	KEOLIS BORDEAUX
Director	KEOLIS
Director	TRANSEVRY
Director	KEOLIS ATLANTIQUE *(until 29/06/2011)*
Director	AÉROPORT ALBERT PICARDIE
Director	KEOLIS RENNES
Member of the Supervisory Board	AEROLIS *(until 27/06/11)*
Permanent Representative Keolis Tours	SAEM TOURS
Permanent Representative Keolis	KEOLIS DIJON
Manager	SNC FERRARI'S

Arnaud Van TROEYEN

Director	KEOLIS
Director	EFFIA
Director	TRANSPOLE *(until 10/06/11)*
Permanent Representative of Keolis Director	KEOLIS RENNES *(until 26/04/11)*
Member of the Supervisory Board	AEROLIS
Member of the Management Board	AEROPORT DOLE JURA
Director	KEOLIS AMERICA INC.
Director	KEOLIS TRANSIT AMERICA INC.

Éric ASSELIN

Director	KEOLIS
Chairman	INSTITUT KEOLIS

Serge PETETIN

Director	KEOLIS

Éric PATOUX

Employee Director	KEOLIS

Patricia MEUNIER

Employee Director	KEOLIS
CEO/Director	Cie DES TRANSPORTS DE PERPIGNAN
CEO/Director	Cie DES TRANSPORTS MÉDITERRANÉENS

Marc VILLENEUVE

Employee Director	KEOLIS

Vincent DUNEZ

Employee Director until 25/10/2011	KEOLIS
General Manager	STAP

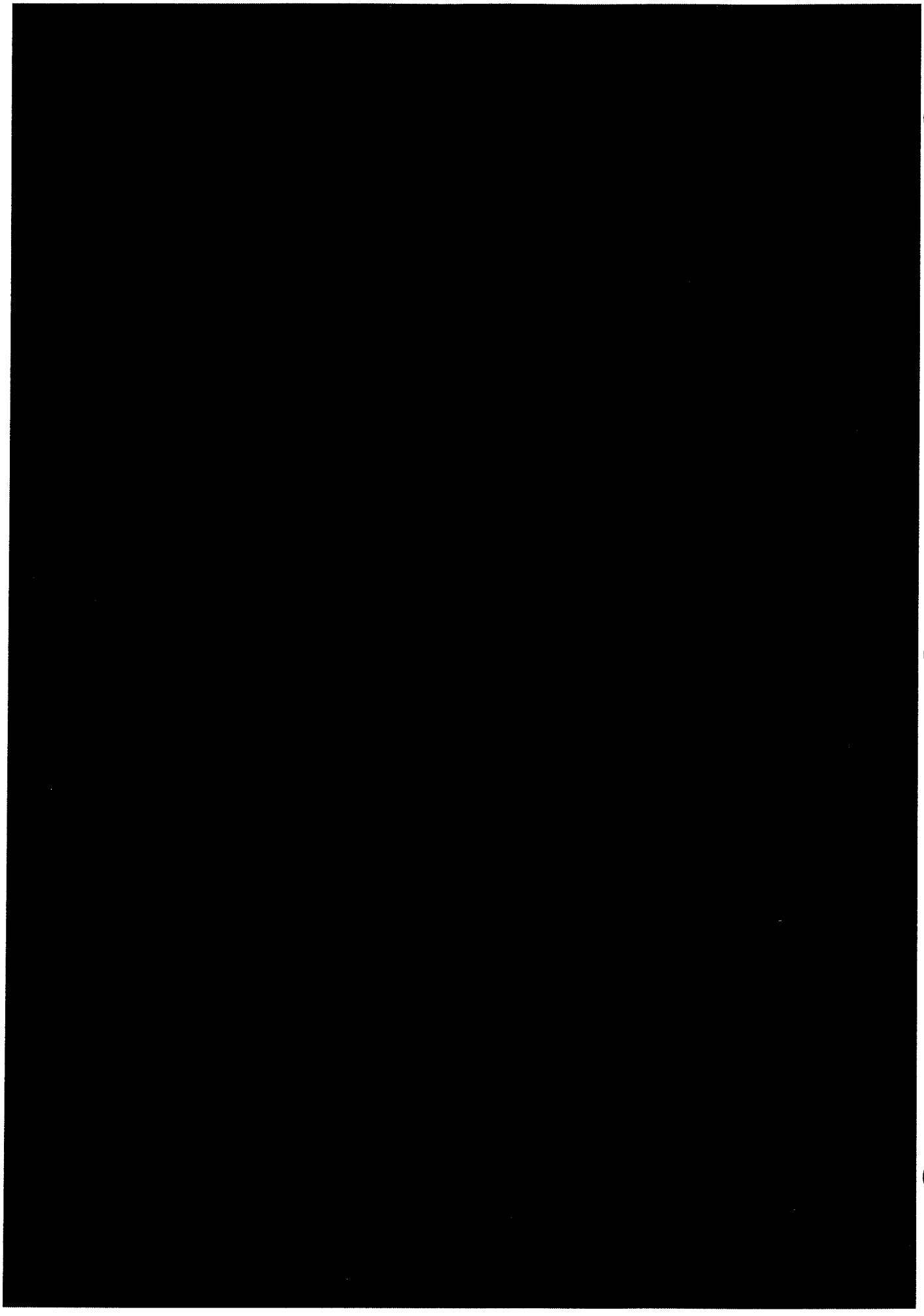
2. SUMMARY OF DELEGATIONS OF POWERS AND AUTHORITIES GRANTED BY THE GENERAL ASSEMBLY OF THE BOARD WITH REGARD TO CAPITAL INCREASES

Nil

3. TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL PERIODS

(Arts. 133, 135 and 148 of the Commercial Companies Decree)

Nature of indications	2011	2010	2009	2008	2007
1 - Capital at end of period					
a) Share capital	**46,851,276**	46,851,276	46,851,276	46,851,276	46,851,276
b) Number of common shares outstanding	**3,904,273**	3,904,273	3,904,273	3,904,273	3,904,273
c) Numbers of future shares to be created	-	-	-	-	-
- by conversion of bonds	-	-	-	-	-
- through the exercise of subscription rights	-	-	-	-	-
2 - Transactions and earnings for the period					
a) Revenue net of tax	**156,170,734**	155,223,584	149,235,172	131,686,007	124,376,523
b) Earnings before tax, profit sharing, depreciation and provisions	**33,497,304**	63,711,712	69,291,903	84,703,295	111,919,505
c) Tax (tax credit) on profits	**1,197,877**	(327,452)	72,133	1,383,064	5,225,709
d) Employee profit sharing for the year	-	-	(48,482)	272,585	484,000
e) Earnings after tax, profit sharing, depreciation and provisions	**45,477,141**	20,490,765	19,126,756	46,331,263	105,514,855
f) Distributed earnings	-	19,130,938	19,326,151	50,365,122	105,415,371
3 - Earnings per share					
a) Earnings after tax, but before allocations	**8.27**	16.40	17.74	21.27	27.20
b) Earnings after tax and allocations to depreciation and provisions	**11.65**	5.25	4.90	11.87	27.03
c) Dividend paid on each share (net dividend)	-	4.90	4.95	12.90	27.00
4 - Staff					
a) Average numbers employed	**1,215**	1,186	1,122	975	903
b) Payroll	**72,169,782**	74,251,465	70,075,822	64,568,536	56,713,232
c) Amounts paid in welfare benefits (Social Security, company benefits, etc...)	**32,579,774**	33,356,699	30,770,383	27,955,068	26,042,042



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A. Key figures for the group

(€ million)	31/12/2011	31/12/2010
Revenue	**4,292**	3,978
Revenue net of sub-contracting	**4,159**	3,857
Recurring EBITDA	**229**	213
EBITDA	**221**	200
Profit from continuing operations	**119**	109
Operating profit	**107**	106
Profit after tax from continuing operations	**54**	51
Profit attributable to equity shareholders	**48**	44
Total equity	**202**	166
of which attributable to equity shareholders	***184***	*153*
Dividends received (distributed)	**(20)**	(20)
Net cash flows from operating activities	**252**	154
Industrial investments	**152**	122
Financial investments	**52**	11
Net financial debt (Cash surplus) (1)	**(18)**	2

(1) Surplus cash positions are presented in brackets.

B. Consolidated financial statements

1. STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	31/12/2011	31/12/2010
Revenue		4,292	3,978
Other income from operations		2	4
INCOME FROM CONTINUING OPERATIONS		**4,294**	**3,982**
Sub-contracting		(133)	(121)
Purchases consumed and external expenses		(1,752)	(1,621)
Taxes		(14)	(15)
Staff costs, incentive schemes, profit-sharing	4.1	(2,121)	(1,982)
Other operating income and expense		(36)	(14)
Net provisions on current assets		(1)	-
Net depreciation and other provisions charged		(127)	(130)
Profit/(loss) on recurring fixed asset disposals	4.2	2	2
Amortisation of grants received		7	8
PROFIT FROM CONTINUING OPERATIONS		**119**	**109**
Other non-recurring income and expense	4.2	(9)	(1)
Structural effects recognised directly in income	4.2	(1)	-
Depreciation and provisions on Contractual allowances	4.2	(2)	(2)
OPERATING PROFIT/(LOSS)		**107**	**106**
Gross cost of financial borrowing	4.4	(11)	(11)
Income from deposits of cash and cash equivalents	4.4	4	2
Profit (loss) on disposal of financial assets	4.4	-	1
Other financial income and expense	4.4	(2)	1
FINANCIAL INCOME/(EXPENSE)		**(9)**	**(7)**
PROFIT BEFORE TAX AND ASSOCIATES		**98**	**99**
Profit/(loss) from associates	4.5	-	-
Taxation	4.6	(44)	(48)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		**54**	**51**
Profit (loss) net of tax from operations discontinued or being held for disposal		-	-
PROFIT FOR THE YEAR		**54**	**51**
Profit attributable to non controlling interests		(6)	(7)
PROFIT ATTRIBUTABLE TO GROUP		**48**	**44**

2. STATEMENT OF NET PROFIT FOR THE YEAR AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(€ million)	2011	2010
NET PROFIT FOR THE YEAR	**54**	**51**
Foreign exchange translation differences and currency fluctuations	1	1
Changes in the fair value of financial instruments	4	1
Actuarial gains/(losses) on pensions	(2)	(11)
Tax effect:		
Foreign exchange translation differences and currency fluctuations	-	-
Changes in the fair value of financial instruments	(1)	-
Actuarial gains/(losses) on pensions	1	3
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**3**	**(6)**
NET PROFIT FOR THE YEAR AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**57**	**45**
of which attributable to :		
- Equity shareholders	51	38
- Non controlling interests[1]	6	7

(1) The share of profit attributable to non controlling interests in the statement of comprehensive income is presented in liabilities in the statement of financial position due to repurchase commitments by Keolis (See note 2.4.5.).

3. STATEMENT OF FINANCIAL POSITION

ASSETS *(€ million)*	Note	31/12/2011	31/12/2010
Goodwill	5.1	233	202
Other intangible assets	5.2	125	121
Property, plant and equipment	5.3	484	448
Investments in associates		2	1
Securities available for sale	5.5	5	4
Other non-current financial assets	5.5	65	41
Deferred tax asset	5.6	33	31
NON-CURRENT ASSETS		**947**	**848**
Inventories and work in progress	5.7	75	65
Trade receivables	5.8	324	342
Other receivables	5.8	292	231
Other current financial assets	5.5	70	31
Cash and cash equivalents	5.9	322	384
CURRENT ASSETS		**1,083**	**1,053**
TOTAL ASSETS		**2,030**	**1,901**

LIABILITIES *(€ million)*	Note	31/12/2011	31/12/2010
Share capital		47	47
Reserves and premiums		89	62
Net profit/(loss) attributable to Group		48	44
EQUITY ATTRIBUTABLE TO GROUP	5.10	**184**	**153**
Reserves attributable to non controlling interests		12	6
Profit for the year attributable to non controlling interests		6	7
EQUITY	5.10	**202**	**166**
Non-current provisions	5.14	106	103
Non-current financial debt	5.11	198	214
Deferred tax liability	5.6	38	41
NON-CURRENT LIABILITIES		**342**	**358**
Current provisions	5.14	33	33
Current financial debt	5.11	86	72
Bank borrowings	5.9	111	153
Customer deposits and advances received	5.15	32	37
Trade and other payables	5.15	530	461
Other current operating liabilities	5.15	694	621
CURRENT LIABILITIES		**1,486**	**1,377**
TOTAL LIABILITIES		**2,030**	**1,901**

4. STATEMENT OF CHANGES IN EQUITY

(€ million)	Share Capital	Reserves linked to share capital	Gains and losses recognised directly in equity	Reserves and consolidated earnings	Total attributable to Group	Non controlling interests	Total
At 31 December 2009	**47**	**3**	**(11)**	**95**	**134**	**6**	**140**
Profit for the financial year	-	-	-	44	44	7	51
Dividends paid	-	-	-	(19)	(19)	-	(19)
Gains/(losses) recognised directly in equity	-	-	(7)	1	(6)	-	(6)
Purchases of non controlling interests and other movements	-	-	-	-	-	-	-
At 31 December 2010	**47**	**3**	**(18)**	**121**	**153**	**13**	**166**
Profit for the financial year	-	-	-	48	48	6	54
Dividends paid	-	-	-	(20)	(20)	(1)	(21)
Gains/(losses) recognised directly in equity	-	-	2	1	3	-	3
Purchases of non controlling interests and other movements	-	-	-	-	-	-	-
AT 31 DECEMBER 2011	**47**	**3**	**(16)**	**150**	**184**	**18**	**202**

5. STATEMENT OF CASH FLOWS

(€ million)	Note	2011	2010
EBITDA	4.4	**221**	**200**
(Increase)/decrease in working capital		75	(3)
Corporate income taxes		(44)	(43)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**252**	**154**
Non-current assets acquired		(152)	(122)
Proceeds from non-current assets disposed of		24	27
Investment grants received		2	7
Change in financial assets for concessions (IFRIC 12)		(5)	(8)
Financial investments		(52)	(11)
Proceeds from disposal of financial assets		2	2
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(181)**	**(105)**
Free cash flow		71	49
Interest received		4	2
Interest paid		(11)	(11)
Other		(3)	-
Net dividends paid and received		(20)	(20)
Change in shareholders' equity (capital increase)		-	-
New borrowings	5.11	1	104
Borrowings repaid	5.11	(50)	(118)
Change of other financial debts	5.11	(17)	(19)
NET CASH FLOWS ON FINANCING ACTIVITIES		**(96)**	**(61)**
FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**4**	**11**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(20)**	**(1)**
Cash and cash equivalents at beginning of period	5.9	231	232
Cash and cash equivalents at end of period	5.9	211	231
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(20)**	**(1)**

C. Notes to the consolidated financial statements

1. GENERAL INFORMATION

The activity of Keolis S.A. group and its subsidiaries ("Keolis" or "the Group") is multimodal passenger transport. Keolis S.A. operates in 9 European countries, in Canada, in Australia and in the United States (Washington, California, Florida and Virginia) as a licensed public service operator, operator of rail franchises or long-term contracts.

Keolis S.A., the head company of the Group, is a société anonyme (public limited company) registered and domiciled in France, having its head office at 9, rue de Caumartin, Paris 9th.

The consolidated financial statements of the Keolis group for the financial year ended 31 December 2011 were approved by the Board of Directors on 2 March 2012.

The accounts of the Keolis S.A. group are fully consolidated in those of GROUPE KEOLIS S.A.S..

2. MAIN ACCOUNTING METHODS

2.1. Basis for preparing financial disclosures

The Group's consolidated financial statements for reporting period 2011 have been prepared in accordance with IFRS (standards and interpretations) published by IASB as adopted by the European Union and rendered mandatory from 1st January 2011. They are available at this site: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The consolidated financial statements are presented in millions of euros unless otherwise indicated.

In the absence of securities admitted for trading on a regulated market, the Group chose not to publish information on earnings per share (IAS 33), or information about operating segments (IFRS 8).

The assets and liabilities in the Group's consolidated financial statements are measured and recognised according to various measurement bases authorised by IFRS, primarily the historical cost basis of accounting, with the exception of derivative financial instruments and financial assets held for trading purposes or classified as AFS (available for sale), which are measured at fair value.

Capital assets and groups of assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

2.2. Changes in accounting principles

The basis for the consolidated financial statements at 31 December 2011 as described in this note result from:

- standards and interpretations the application of which is mandatory for reporting periods starting before or on 1st January 2011;
- the adopted options and exemptions used to prepare the financial statements for reporting period 2011 in addition to those already described in the annual consolidated financial statements for 2010. These options are described below.

Application of standards, amended standards and interpretations that are mandatory as of 1st January 2011:

- amendments to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters";
- IAS 24 (Revised) "Related Party Disclosures";
- amendments to IAS 32 "Classification of Rights Issues";
- annual improvements 2010 applicable from 1st July 2010 or 1st January 2011 depending on the texts. Amendments in connection with IFRS 1 "First time Adoption of International Financial Reporting Standards", IFRS 3 "Business Combinations", IFRS 7 "Financial Instruments: Disclosures", IAS 1 "Presentation of Financial Statements", IAS 27 "Consolidated and Separate Financial Statements", IAS 34 "Interim Financial Reporting" and IFRIC 13 "Customer Loyalty Programmes";
- amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity instruments".

The Group's financial statements are not affected by the entry into force of new, revised and amended standards and interpretations that are mandatory as of 1st January 2011 in the European Union.

Standards, amendments to standards and interpretations not subject to early adoption

Generally speaking, standards and interpretations applicable from a reporting period starting after 1st January 2011 have not been adopted in advance by the Group.
Keolis S.A. group has not applied the following standards, amendments to standards and interpretations that have not been adopted by the European Union:

- amendments to IAS 1 "Presentation of Other Comprehensive Income (OCI)";
- amendments to IAS 12 "Deferred Tax - Recovery of Underlying Assets";
- amendments to IAS 19 "Employee Benefits";
- IAS 27 "Separate Financial Statements";
- IAS 28 (Revised) "Investment in Associates and Joint Ventures";
- supplements to IFRS 9 "Financial Instruments: classification and measurement of financial assets, fair value option (FVO) for financial liabilities";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IFRS 13 "Fair Value Measurement";
- IFRIC 20 Interpretations "Stripping Costs in the Production Phase of a Surface Mine".

Neither has Keolis S.A. group opted for early adoption of IFRS 7 "Financial Instruments - Transfers of Financial Assets", which has been adopted by the European Union.

The Group holds the view that, at this juncture, the effect of applying these provisions cannot be determined with a sufficient degree of accuracy.

2.3. Use of Management estimates in the application of the Group's accounting standards

In order to draw up the Group's accounts in accordance with the conceptual framework of IFRS, management must make estimates and assumptions affecting the amounts stated in the financial statements. Management has to revise such estimates in the light of changes in the circumstances on which they are based or further to new information. Management also has to exercise judgement in how accounting methods are applied. As a result, future estimates may be different from those adopted as of 31 December 2011

The estimates and assumptions primarily concern the lengths of contractual relations, asset impairment tests, deferred tax assets and financial instruments, as well as provisions, in particular provisions for pensions, litigation and losses on completion.

Finally, in the absence of standards or interpretations applicable to a specific transaction, Group management must use its best judgement to define and implement accounting methods that provide the most relevant and reliable information, to ensure that the financial statements:

- present a true and fair view of the Group's financial position and cash flows;
- reflect the economic reality of the accounts.

Reporting periods 2010 and 2011 were marked by an economic and financial crisis the scale and duration of which (from 31 December 2011) cannot be anticipated precisely. The consolidated financial statements for the reporting period were prepared with reference to these prevailing conditions.

2.4. Accounting principles

2.4.1. Methods of consolidation

Subsidiaries are recognized in the consolidated statements from the date on which control thereof reverted to the Group. They are derecognized from the date on which the Group ceased to control them. The income and expenses of companies are included in the Group's income statement from the takeover date and up to the date on which the Group lost control.

Subsidiaries are fully consolidated

All Keolis S.A. subsidiaries are companies it controls directly or indirectly, in other words it has the power to set financial and operating policies with a view to deriving benefits from their activities. The Group's consolidated financial statements include the assets, liabilities, income and expenses of these companies. Exclusive control is presumed to exist when Keolis S.A. directly or indirectly holds more than 50% of the said companies' voting rights. In ascertaining whether there is control, account is taken of potential voting rights, whether immediately exercisable or convertible, including those held by another entity, in accordance with IAS 27 "Consolidated and separate financial statements".

Ad hoc companies substantially controlled by Keolis S.A. and in which the Group has no equity interest are considered as subsidiaries of the Group.

Joint-ventures are consolidated under the proportionate method

Companies operated jointly with a limited number of partners and in which Keolis S.A. exercises joint control under contractual agreements are proportionally consolidated. The Group's consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of such companies.

Associates are consolidated under the equity method

Companies in which Keolis S.A. exerts significant influence without exercising control are recognised according to the equity method. Significant influence is presumed when Keolis S.A. holds upwards of 20% of the voting rights.

According to this method, investments in affiliates are capitalized in the consolidated balance sheet at their cost of acquisition. The Group's share of income (loss) of affiliates is recognized in profit or loss, whereas its share of post-acquisition movements of reserves is recognized in reserves. Post-acquisition movements are posted in adjustment of the value of the investment. The Group's share of an affiliate's losses is recognized up to the limit of the investment, unless the Group is legally or implicitly required to support the said company.

Non controlling interest
Minority interests in the net assets of consolidated subsidiaries are identified separately from the parent shareholders' equity under the heading "non-controlling interests". Non-controlling interests include the amount of the non-controlling interests on the takeover date and the minority interests' share in changes in equity from that date onwards.

Year-end closing timing differences:
Interim financial statements are used for companies whose financial year does not end on 31st December (UK, United States and Australia).

Transactions eliminated in the consolidated financial statements
Transactions between consolidated companies are eliminated up to their percentage holding reflected in the consolidated financial statements. Losses on transactions between consolidated companies that are indicative of value impairment are not eliminated.

2.4.2. Translation of transactions and financial statements of foreign companies
The Group's consolidated financial statements are prepared in euros, which is the functional and reporting currency of the parent.

Translation of the financial statements of foreign companies
The financial statements of consolidated foreign subsidiaries, whose functional currency is different from the euro, are translated on the following bases:
- assets and liabilities are translated at the official exchange rates prevailing at the year end date;
- income and expenses are translated at the average rate for the period, unless exchange rates fluctuate significantly; which is regarded as approximating the exchange rates at the dates of the transactions;
- goodwill and fair value adjustments recognized on acquisition of companies whose functional currency is not the euro are considered to be the assets and liabilities of such companies: they are thus stated in the functional currency of the said companies and converted at the closing rate of each period;
- the resulting foreign exchange translation differences are recognised in consolidated equity under the item "foreign exchange translation reserves".

Translation of foreign currency transactions
The functional currency of Group companies is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currency at the rate of exchange prevailing at the transaction date.
Monetary assets and liabilities denominated in foreign currency are translated into euros at the year end exchange rate. The corresponding exchange differences are recorded in financial income.

2.4.3. Business combination
The Group has applied IFRS 3 (Revised) since 1st January 2010.

Business combination is understood as obtaining or losing control. Upon acquisition of controlling interests, the acquirer recognises the fair value of acquired assets and liabilities of the acquired entity and also recognises goodwill.

Non controlling interests are recognised according to the following options for each combination:
- either based on their share in the fair value of assets and liabilities (so-called partial goodwill method);
- or at fair value, in other words with goodwill allocated to the latter (so-called complete goodwill method).

The subsequent acquisition of non controlling interests is recognised in equity regardless of the option.

Acquisition costs are no longer posted to assets but expensed for the year.

For a takeover in several stages, the interest held prior to the takeover is revalued at its fair value on the date of takeover and any profit or loss arising therefrom is recognized in income statement.

Commitments linked to earn-out clauses are measured at their fair value.
Adjustments to cash earn-outs or other assets during the appropriation period (12 months) must be analysed in order to determine:
- if the adjustment is linked to new factors occurring since the acquisition of control: adjustment through income;
- if the adjustment is the result of new information collected enabling fine-tuning of the measurement on the takeover date: adjustment to the acquisition price.

The subsequent change of debt corresponding to the earn-out beyond the appropriation period is booked in income.

After the takeover, acquisitions/disposals without loss of control are treated as transactions between shareholders and therefore directly through equity.

2.4.4. Goodwill
Goodwill on acquisition represents the excess of the cost of an acquisition over the share acquired by the Group of the fair value of the acquired assets, liabilities of the acquired entity on the date of acquisition.

The goodwill recognised for an associate is included in the value of the capital holding in it under "Investments in associates", in the statement of financial position.

Corrections or adjustments may be made to the fair value of assets, liabilities and contingent liabilities acquired in the twelve months following the acquisition. Goodwill is then corrected with retroactive effect.

Beyond that date, any change in assets acquired and liabilities assumed is recognized in profit or loss.
As goodwill cannot be amortized, it undergoes impairment tests every year or at more frequent intervals when events or changes in circumstances indicate possible loss in value (see 2.4.9).

Any observed impairment is recognised in operating income and is irreversible.

Badwill is recognized in profit or loss in the year in which it arises.

The impact of companies acquired during the year on the accounts of Keolis S.A. is presented under note 3 "Highlights of financial year" of this Note.

2.4.5. Commitments to repurchase the non controlling interests in a subsidiary

The Group has opted for the following accounting treatment
The Group has given promises to non controlling shareholders and certain fully consolidated subsidiaries to repurchase their shares. That is the case in France and in Canada.

These purchase commitments (firm or conditional) of earnings attributable to non-controlling interests are recognised in financial debts against a reduction of these earnings attributable to non controlling interests.

Where the value of the commitment exceeds the amount of earnings attributable to non controlling interests the balance is recognised as additional goodwill. The fair value of non controlling interest buyout commitments is reviewed at each financial accounting period end. The corresponding financial liability is adjusted, with a corresponding adjustment to the related goodwill. This provision always applies to puts issued before the application date of IFRS3 R. For puts issued after that date, the change in valuation will be booked against equity.

2.4.6. Service concession arrangements
Presentation of the IFRIC12 interpretation
An arrangement is included in the scope of interpretation of IFRIC 12, where the assets used to carry out the public service are controlled by the grantor. Control is presumed when the two conditions below are met:
- the grantor controls or regulates the public service, i.e. it controls or regulates the services that must be rendered, through the infrastructure covered by the concession and determines to whom and at what price the service shall be rendered; and
- the grantor controls the infrastructure, i.e., the right to regain possession of the infrastructure at the end of the contract.

With regard to its public transport activities, Keolis S.A. is more particularly the holder of outsourced public service contracts.

French legislation provides for three main types of public service contracts:
- operate and maintain (O&M) (or leasing) contracts, whereby the operator is duty bound to operate and maintain facilities held and funded by local and regional authorities – the organizing authorities, the licensor;
- concessions, which include agreements comparable to BOT (Build Operate Transfer) Agreements;
- and cost plus contracts.

In France, Keolis S.A. primarily operates under O&M contracts.

Pursuant to the interpretation of IFRIC 12, in this case, the operator can book the infrastructures used in its balance sheet as an intangible asset ("intangible asset model") and/ or a financial asset ("financial asset model"):
- the "intangible asset model" applies where the operator receives a right to charge users for the public service and where the operator receives cash payment from the user which means that the operator bears a financial risk;
- the "financial asset model" applies where the operator obtains an unconditional right to receive cash or other financial asset, either directly from the grantor or indirectly through guarantees given by the grantor on the amount of cash payments from users of the public service. The remuneration is independent of the extent to which the public uses the infrastructure.

Financial asset model
In the context of concession services, the operator receives an unconditional right if the grantor gives it a contractual guarantee to pay:
- amounts specified or determined in the contract; or
- the shortfall, if any – between the amount received from users of the public service and specified or determinable amounts in the contract.

Financial assets stemming from the application of the IFRIC 12 interpretation are recorded in the statement of consolidated financial position under "Other non-current financial assets" detailed in Note 5.5. They are recognised at amortised cost and repaid according to rents collected.
The financial income, calculated on the basis of the effective rate of interest, the equivalent of the project's internal rate of return, is recognised as revenue

Intangible asset model
The intangible asset model applies where the operator is paid by users or does not receive any contractual guarantee from the grantor on the amount to be collected. The intangible asset corresponds to the right granted by the grantor to the operator to charge users for the public service.
Intangible assets resulting from the application of the IFRIC 12 interpretation are booked in the statement of consolidated financial position under the heading "Other intangible

fixed assets" detailed in Note 5.2. These assets are amortised straight-line over the term of the contract.

Within the framework of the intangible asset model, revenues include:
- Turnover as and when assets or infrastructures under construction are completed;
- Remuneration relating to provision of service.

Mixed or bifurcation model
Application of the financial asset model or the intangible asset model is based on the existence of guarantees of payment given by the licensor.

Nevertheless, certain contracts may include a payment commitment from the grantor which partially covers the investment, with the balance covered through fees charged to users. In this case, the amount guaranteed by the grantor is recognised as a financial asset and the balance as an intangible asset.

2.4.7. Intangible assets excluding goodwill
Intangible assets are shown in the statement of financial position at their acquisition cost less the accumulated amortisation and impairments.
Intangible assets mainly consist of patents, licences, trademarks, rights under contracts, pension plan assets, software and concession intangible assets as defined by IFRIC 12.

When contracts are awarded, the Group capitalises the costs that match the identification criteria, and that are incurred between the date when the contract is awarded and the date when the operation actually starts up.

When the Group completes an acquisition, the contractual relationship between the acquired company and its client (the public transport authority) is assessed at fair value and recognised separately from the goodwill as a contractual right that must satisfy the qualifying criteria of IAS 38 and IFRS 3.

Where their useful life is defined, intangible assets are amortised on a straight-line basis over periods corresponding to their expected useful life. The amortisation method and useful lives are revised at least each financial year or when necessary. The estimated useful lives are as follows:
- contractual rights: two to twenty years, corresponding to their estimated useful life, allowing for a contract renewal rate when the Group has a high renewal rate in the Cash Generating Units (CGU) concerned;
- software: one to five years;
- concession assets amortised over the term of the contract (see 2.4.6).

Since the Group's trademarks (Orléans Express, Eurobussing) have an indefinite useful life, they are tested for impairment annually, or more frequently where value impairment is indicated.

2.4.8. Property, plant and equipment
Expenditure on property, plant and equipment by Keolis S.A. is recognised as an asset at its acquisition cost where it satisfies the following criteria:
- it is likely that the future economic benefits relating to the asset will fall to Keolis S.A.;
- the cost of the asset can be reliably measured.

Property, plant and equipment are shown in the statement of financial position at their acquisition cost less the accumulated depreciation and impairments. The cost includes the asset's purchase or production cost and all the costs directly incurred in making it usable.

Items of property, plant and equipment cease to be recognised as assets when they are derecognised (through disposal or retirement), or when no future economic benefit is expected from their use or disposal. Any gain or loss arising from the derecognition of an asset from the statement of financial position (the difference between the net income from disposal and the asset's carrying amount) is recognised in the statement of comprehensive income in the period of its retirement.

Given the nature of the Group's business, the activities of the different subsidiaries or joint ventures do not include holding investment property assets.

Subsequent expenditure
Subsequent expenditure incurred in replacing property, plant or equipment is recognised under PPE only if it satisfies the foregoing general criteria.
Otherwise, this expenditure is recognised in the statement of comprehensive income as incurred.

The Group has identified components of capital assets. These have useful lives similar to the main asset to which they relate, and are therefore not separately accounted for. Through its public passenger transport activity, Keolis S.A. incurs multi-year expenditure on major repairs of its light rail (underground railway, tramway) and passenger rail rolling stock. Since these assets were provided by local government authorities, they are not recognised separately as components under assets, and expenditure on major repairs is provisioned when there is a contractual liability at the year end.

Depreciation
The residual values and useful lives of the assets are reviewed and, where applicable, adjusted, annually or whenever lasting changes arise in operating conditions. To date, the residual values at the end of the useful life are regarded as immaterial. Land is not depreciated. Other property, plant and equipment items are depreciated according to the straight line method.

The estimated useful lives are as follows:

Buildings	**15 - 20 years**
Equipment and tooling	**5 - 10 years**
Office equipment and furniture	**5 - 10 years**
Vehicles:	
Cars	**5 years**
Coaches and buses	**10-15 years**
Rolling Stock	**15-20 years**

Rental agreements
Rental agreements are recognized as expenses in profit or loss.

Government investment grants
Government grants wholly or partly covering the cost of investing in an asset are recognised as "Other current operating liabilities" and systematically written down in the statement of comprehensive income over the useful lives of the assets concerned.

2.4.9. Impairment of capitalised assets and non financial assets
Keolis S.A. performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be depreciated.

For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

Cash Generating Units (CGUs) are the smallest group of assets generating cash flows largely independently of other asset groups. Such units or groups of units correspond to the divisional management units and major networks in France and, internationally, mainly to foreign countries.

For testing purposes, the assets are aggregated within CGUs in accordance with IAS 36 "Impairment of Assets". For divisional management units and major networks goodwill impairment tests are performed within the France CGU group.

These tests compare the net carrying amount of assets with their recoverable amount, which is the higher of the fair value less the potential sales costs or the value in use of the asset. In the absence of any fair value observable on an organised market, the recoverable value of the CGUs is determined on the basis of their value in use.

The carrying amount of each asset group tested was compared with its value in use defined as the sum of the net cash flows as arising from the latest forecasts for each of the CGUs, drawn up according to the main assumptions and procedures set out below:
- medium-term plan and budgets over a 4-year timeframe, drawn up by Management on the basis of growth and profitability assumptions taking account of past performance, foreseeable developments in the economic environment and the expected development of markets;
- extrapolation of the net cash flow of the last year of the plan by applying the growth assumptions stated below;
- discounted future value of the cash flows as arising from these plans at a rate determined using the weighted average cost of capital (WACC) of Keolis S.A..

Value impairment is recognised in the statement of comprehensive income if the carrying amount of a cash-generating unit or group of such units is greater than its recoverable amount. The value impairment is allocated first to the goodwill apportioned to the CGU or CGU group tested, then to the other assets of the CGU or CGU group in proportion to their carrying amount.

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero.

Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other property, plant and equipment and intangible assets.

In the event of an impairment loss being reversed, the asset's carrying amount is capped at the carrying amount that would have been determined net of any depreciation or amortisation that would have been charged if no value impairment had been recognised in prior periods. When an impairment loss or a write-back of an impairment loss has been recognised, the depreciation charge is adjusted for future periods so that the adjusted carrying amount of the asset, less its residual value if any, is spread systematically over the remaining useful life.

2.4.10. Financial assets
Purchases and sales of financial assets are recognised at the transaction date, the date on which Keolis S.A. is committed to the purchase or sale of the asset. On initial recognition, financial assets are recognised in the statement of financial position at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except for the category of financial assets measured at fair value, for which transaction costs are recognised directly in the statement of comprehensive income).

Financial assets are derecognised from the statement of financial position to the extent where entitlements to future cash flows have expired or have been transferred to a third party, and Keolis S.A. has transferred virtually all the risks and benefits or the control of such assets. Financial assets, the

maturity (or intended holding period) of which exceeds one year, are recognised under "Other non-current financial assets".

On the date of initial recognition, according to the purpose for which the asset is acquired, Keolis S.A. classifies the financial asset in one of the accounting categories specified by IAS 39, "Financial Instruments: Recognition and Measurement". The Group does not use the "Held-to maturity investments" category.

Financial assets at fair value, recognised in profit or loss
These are financial assets acquired by the Group with the intention of selling them in the short term.

Derivative financial instruments are also classified as held for trading unless they are designated, effective hedging instruments. They are measured at fair value and their subsequent fair value changes are recognised in the statement of comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets, the payment of which is fixed or determinable and that are not listed on a regulated market.
These assets are recognised at their fair value plus the directly attributable costs of transactions and are then measured at depreciated cost by the effective interest rate method.
An impairment loss is recognised whenever the estimated recoverable amount is below the carrying amount. This category includes operating receivables, deposits and guarantees, loans, as well as concession financial assets

Available for sale (AFS) financial assets
These are non-derivative financial assets designated as being available for sale, or not belonging to the other categories. They are measured at their fair value in the statement of financial position; changes in value are recognised in equity. When available-for-sale financial assets are sold, or if there is an objective indication of impairment of these assets, any changes in fair value that have been recognised directly in equity are transferred to the statement of comprehensive income.

For listed securities, fair value is equal to market price; for unlisted securities, reference is made to recent arm's-length transactions made between informed and willing parties, or to a technical measurement based on reliable, objective information consistent with the other estimates used by other market operators or using discounted cash flow analysis. However, when the fair value of a security cannot reasonably be estimated, in the last resort it is carried at historical cost.

The Group does not currently possess any listed securities. This category consists mainly of non-consolidated shareholdings.

Impairment of financial assets
Impairment is recognised on a financial asset or group of financial assets where there is an objective indication of impairment arising from one or more events that have occurred since the initial recognition of the asset, and such impairing event has an impact on the estimated future cash flows from the financial asset or group of financial assets, and if its carrying value is higher than its estimated recoverable value.

2.4.11. Inventories
Inventories consist mainly of consumables and miscellaneous goods or supplies used for the maintenance and upkeep of vehicles or intended for resale.
These inventories are valued at purchase cost. Impairment is recognised to reduce the purchase cost (determined using the weighted average price method or the FIFO (First-in, First-out) method) to the net realisable value if lower. Pursuant to IAS 2, the net realisable value is the estimated sale price in the normal course of business, less the estimated cost for completion and fulfilment of the sale.

2.4.12. Trade receivables and other debtors
Trade receivables and receivables from other debtors are initially recognised at their fair value which, in most cases, is the nominal value, given the generally short payment times. The carrying amount is subsequently measured at the amortised cost using the effective interest rate method, less any impairment allowances.

If there is an objective indication of impairment or a risk that Keolis S.A. may be unable to collect all the contractual amounts (principal plus interest) on the date set in the contractual payment schedule, an impairment loss is recognised in the statement of comprehensive income. This allowance is equal to the difference between the carrying amount and the estimated recoverable future cash flows, discounted at the original effective rate of interest.

2.4.13. Cash and cash equivalents
This item includes cash, sight deposits and other short-term deposits as well as other easily convertible liquid instruments with negligible risk of changing value, maturing less than three months from the date of acquisition.
It also includes liquidity that is unavailable to the Group mainly as a result of contractual commitments, to maintaining minimum levels of liquidity in the subsidiaries concerned (chiefly in the UK railway franchises).

2.4.14. Assets held for sale or of discontinued operations
Capital assets or groups of assets held for sale are classified under separate headings in the statement of financial position as "Assets held for sale or of discontinued activities" and "Liabilities of discontinued activities or relating to capital assets held for sale", and are valued at the lower of their net carrying amount or their fair value net of disposal expenses.

2.4.15. Corporate income tax
GROUPE KEOLIS S.A.S., parent of the tax group, has opted for the tax consolidation system since financial year 2008. Other tax consolidation systems also exist in Europe. The effect of these systems is recognised in the statement of comprehensive income. Most of the French companies subject to corporate income tax and in which GROUPE KEOLIS S.A.S. holds an equity interest of 95% or more are included in the tax consolidation group.

The income tax expense or income includes the current tax expense or income and the deferred tax expense or income. Tax is recognised in the profit and loss account unless it relates to items that are directly recognised under equity, in which case, the tax is recognised under equity.

Current tax is the estimated amount of tax due on the taxable profit for the period. It also includes adjustments to the amount of tax payable in respect of previous periods.

Deferred tax is calculated for each individual entity according to the asset liability approach, on the temporary differences between the carrying amount of the assets and liabilities and their taxation base, including assets of which Keolis S.A. has possession under finance lease agreements.

Measurement of deferred tax assets and liabilities depends on whether the Group expects to recover or to pay the carrying amount of the assets and liabilities, under the variable-carry-forward method, using the rates of taxation that were adopted or virtually adopted at the reporting date. A deferred tax asset is only recognised or maintained as an asset to the extent that the Group is likely to benefit from future taxable profits to which the related deductible temporary difference may be imputed.

The deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset by each taxable entity when it recovers the asset and settles the liability by the same maturity date, subject to the following conditions being met:
- legally enforceable right to offset;
- intention to settle;
- schedule of payments.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of certain differences between the Group's proportionate interest in the net assets of subsidiaries, joint ventures and affiliate and their tax values. This exception applies in particular to the income of subsidiaries yet to be distributed, should distribution thereof to shareholders generate taxation: if the Group has decided not to distribute profits retained by the subsidiary in the foreseeable future, no deferred tax liabilities are recognised.

Keolis S.A. considered that the tax change in the French Financial Law voted on 30 December 2009 actually resulted in replacing business tax ("taxe professionnelle") by two new levies of different natures:
- the CFE, whose amount depends on the land rental values and which can, where applicable, be capped at a percentage of the added value, presents significant similarities with business tax and is therefore recognised as such under operating expenses;
- the CVAE, which according to the Group's analysis meets the definition of an income tax as defined by IAS 12.2 ("taxes owed on the basis of taxable profits").

The CVAE is not considered a corporate income tax for companies which rebill the CVAE to the nearest euro to their Public Transport Authorities.

2.4.16. Financial debt and long term borrowings
All borrowings are initially recognised at fair value, less the related borrowing costs. Thereafter, they are recognised at amortised cost, using the effective interest rate method, with the difference between the cost and the redemption value recognised in the statement of comprehensive income over the term of the borrowings.

The effective interest rate is the rate used to obtain the original carrying amount of a loan by discounting the future cash inflows or outflows over the loan's term. The original carrying amount of the loan includes the transaction costs of the operation and any issuance premiums.

When a debt is extinguished early, any non-amortised costs are recognised as expenses.

2.4.17. Derivative financial instruments
The Group uses derivative financial instruments (interest rate options and swaps, foreign exchange forward contracts and options, commodities options and swaps) to hedge its exposure to three major risks.

Interest rate risks on its variable-rate debt
Interest rate risk is managed on a rolling 5 year timeframe. The management objective is to protect the company against rate increase by using fixed rate tools.

In connection with the management of interest rate risk, all hedges set up, comprising firm instruments, put and call options and open positions are aimed at protecting the reference rate. The Group uses standard, liquid hedging instruments, namely:
- swaps;
- cap calls;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical tunnel;
- swaptions bought or sold to create a tunnel of swaptions.

Foreign exchange risk
The group covers its loans in foreign currencies and accounted for in current accounts. The hedging instruments that are used are considered as trading instruments as defined by IAS39.

Management's objective is to maintain a reference price. The hedges comprise firm hedges and options.
The hedging instruments used are standard, liquid and market-available, namely:
- forward and futures sales and purchases;
- call options;
- put options in combination with call options to provide symmetric or asymmetric tunnels.

Wherever hedging accounting is not applied, the changes in the market value are accounted for in financial income.

Certain commodities price risks resulting from its business activities
The Group needs to purchase substantial quantities of fuel for its activities.

The energy price risk is hedged using price indexation included in the contracts signed by Keolis S.A. and its subsidiaries with their clients. For about half of its purchases, the Group bears the risk until the increases are passed on to its customers. This usually takes between a few months to twenty-four months at most. A hedging policy has been set up to cover this partial exposure.
Management's objective is to defend the prices indexed under the contracts.

The Group hedges this commodities risk using standard, liquid hedging instruments, namely:
- swaps;
- cap calls;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical tunnel.

Derivative instruments are initially measured at fair value. Changes in fair value are recognised in the statement of comprehensive income as financial income and expenses except where those instruments are designated as hedging instruments.
They are then measured and recognised in accordance with the hedging recognition criteria of standard IAS 39 "Financial instruments: Recognition and Measurement":.

Hedge accounting applies if certain qualifying conditions are met, the following in particular:
- a clearly documented hedge relationship at the date when it is instituted, by general hedging documentation that describes the risks exposure and hedging strategy of Keolis S.A, and;
- the use of effectiveness testing to demonstrate the effectiveness of the hedging relationship prospectively and retrospectively at each reporting date. Such effectiveness must be reliably measured and fall within 80% to 125%.

If no hedge accounting is applied, changes in fair market value are recognised in financial income or expenses.

2.4.18. Provisions
Provisions for pension and post-employment commitments (IAS19)
The Group offers its employees various fringe benefits while they are in employment or after employment. These benefits arise under the legislation applicable in certain countries and under contractual arrangements concluded by the Group with its employees, and are either defined contribution plans or defined benefit plans.

a/Defined contribution plans
Defined contribution plans are characterised by payments to organisations that discharge the employer from any subsequent obligation, with the organisations taking responsibility for paying employees their entitlements. Hence, once the contributions are paid, no liability is reported in the Keolis S.A. financial statements.

b/Defined benefit plans
Defined benefit plans refer to plans providing post-employment benefits other than defined contribution plans.
Keolis S.A. has a duty to accrue provisions for the benefits to be paid to serving members of its staff, and to pay the benefits of former members of its staff. In substance, the actuarial and investment risks lie with the Group.

These plans mainly concern the following:
- pension commitments: pension annuity plans, retirement gratuities, other retirement commitments and additional pension benefits;
- other long term benefits: long service awards.

Description of commitments under defined benefit plans

Apart from ordinary, statutory schemes, the Group provides, according to country and local legislation, retirement gratuity schemes (France), defined benefit schemes (United Kingdom and Canada) and pensioners' health benefit schemes (Canada).

In France, retirement gratuities paid to the employee on leaving employment are determined according to the national collective labour agreement or the company agreement applying in the business. The following are the two main collective labour agreements applied within the Group:
- "Convention collective des transports publics urbains" (CCN_3099) – the national collective labour agreement for urban public transport;
- "Convention collective des transports routiers" (CCN_3085)

– the national road-haulage collective labour agreement.

These schemes are partly financed by insurance policies. Their value is measured over the average term of the policies (20 years) except in the case of Keolis S.A., which is measured on a perpetuity basis.

In the United Kingdom, a defined benefit scheme exists specifically for railway activities: the Railways Pension Scheme (RPS). This scheme is funded by a trust. The amount of the company's commitment depends on the term of the franchise.

An annual actuarial evaluation of the commitments of the defined benefit scheme is carried out each year end primarily by independent actuaries.

Commitments for pensions, additional pension benefits and retirement gratuities are measured using a method that takes account of the projected final end-of-career salaries (termed the Projected Unit Credit Method) on an individual basis, which is based on assumptions of discounting rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account.

The value entered in the statement of financial position under "Staff Benefits and Other Long-term Benefits" is the difference between the discounted value of the future obligations and the fair value of the pension plan assets intended to cover them, possibly decreased by the cost of any past pension payments not yet amortised. Where the result of this calculation is a net commitment, an obligation is recognised as a liability in the statement of financial position.

Concerning the British Train Operating Companies (TOCs), a market position was adopted for pension commitments under IAS 19:
- an asset item representing pension entitlements is recognised at the start of the franchise;
- the commitments are calculated over the current contract term.

The value of both these items will be nil at the end of the contract.
This application is repeated whenever the rail franchised is renewed.

When calls for tenders are won in France, the asset representing pension rights recognised at the start of the franchise is determined on the basis of the amount of pension liabilities and other employee benefits over a period of 20 years.

Since 1 January 2006, actuarial gains/losses relating to post employment benefits resulting from experience and changes in actuarial assumptions are recognised directly in equity in the year in which they are incurred and are off set against the increase or decrease of the obligation. They are set out in the Statement of net income and gains and losses

In the income statement, the cost of services delivered during the time period is included in the operational statement. The amortisation of the revenue of services that have not been accounted for as well as the impact of the reduction or liquidation of schemes are accounted for in the operating profit.

Interest paid in respect of pensions and similar obligations, and financial income relating to the expected yields from the pension plan assets, are recognised under financial income and expense.

The actuarial calculations for pension and similar commitments are mainly performed by independent actuaries.
Labour medals are evaluated on the same basis as retirement engagements. The rate fluctuations are accounted for in the income statement.

Other types of provisions
Provisions are accrued where at the end of the reporting period there is a present legal or implicit obligation towards third parties arising from a past event and there is a probability that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made of the amount.

In the context of its activity, Keolis S.A. is generally subject to a contractual obligation to maintain and repair facilities managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS 37 on provisions and, where applicable, provisions are accrued for major repairs or even for lossmaking contracts in the event where the inevitable costs incurred to meet the contractual obligation are greater than the economic benefits of the contract.

In cases of restructuring, an obligation is accrued in so far as the restructuring has been announced and is the object of a detailed formalised plan or has been started prior to the reporting date.

Provisions due in more than one year are discounted whenever the impact is material.

2.4.19. Payments in shares and similar payments
Keolis S.A. has no share option plans or share purchase warrants for the benefit of its members of staff

2.4.20. Trade payables and other accounts payable
Trade payables and other accounts payable are measured at their fair value at initial recognition; which in most cases is

their nominal value, and thereafter at the amortised cost. Short-term payables are recognised at their nominal amount unless discounting at the market rate would have a material impact.
In case payment delays are too long, the suppliers' debt is updated.

Other payables include deferred revenues, corresponding to income received for services not yet provided, and investment grants not yet posted in the statement of comprehensive income.

2.4.21. Revenue and other business income
Revenue and other business-related income are measured at the fair value of the consideration received or accrued.
They are measured net of discounts and commercial benefits given, where the service has been provided. No income is recognised where there exists significant uncertainty as to the recoverability of the consideration receivable or the costs incurred or to be incurred in relation to the service, and where the Group remains involved in managing the income.

The revenue from urban passenger transport companies is recognised under the terms of the contract signed with the public transport authority, taking account of all additional clauses and any vested rights (indexation clauses, etc).

The same applies for revenue from intercity passenger transport companies, and other activities not under contract, recognised according to the services provided.

Revenues include value added services corresponding to the expertise of Keolis S.A.. These activities (excluding transportation) include the management of railway stations, airports, car parks, travel agencies, bikes.

Other activity-related income covers services consisting mainly of other revenue classified by the Group as incidental, as well as the remuneration of concession financial assets.

Amounts paid as reimboursements considered as concession financial assets are not counted as revenue.

2.4.22. Other operating expenses
Since they are a recurrent feature of the activity, losses or gains on sales of transport equipment are recognised on a separate line, and included in income from continuing operations.

2.4.23. Income from continuing operations
Income from continuing operations corresponds to the whole of the expenses and income arising from the Group's recurring operating activity excluding financing activities, the earnings of associates, activities discontinued or being sold, and corporate income tax.

2.4.24. Operating profit or loss
Operating profit includes income from continuing operations and all transactions not directly related to the normal conduct of business, but that cannot be directly attached to any other item in the profit and loss statement.

Income and expenses, depreciation and provisions on non recurring items include all non recurring operations whose costs are significant: this applies to offensive bids, restructuring costs, capital gains or losses other than on transport equipment, the amortisation of contractual rights and startup costs in another country or zone.

Effects of changes in scope recognised directly in income include:
- direct acquisition costs in case of a takeover;
- effects of revaluations, at fair value on the acquisition date, non controlling interests previously held in case of acquisition in stages;
- subsequent earn-outs;
- profit or loss from divestments of holdings which lead to a change in the method of consolidation as well as, where applicable, the revaluation effects of retained non controlling interests.

2.4.25. EBITDA calculation
EBITDA is calculated based on operating profit/(loss), plus or minus the capital gains or losses on disposals and the calculated items representing depreciation and amortisations, reversals of provisions, and shares of subsidies.

2.4.26. Financial income (expense)
Financial expenses include interest on borrowings and financial debt calculated using the effective interest rate method, the costs of early loan repayment or of cancelling credit lines, the financial interests not directly attributable to operating margin and the financial cost of discounting non current liabilities.

Financial income includes income from deposits of cash or cash equivalents and dividends received from non-consolidated companies.

Other financial income and expenses include net foreign exchange gains and losses, bank commissions on credit transactions booked as an expense and their rebilling as income, changes in the fair value of derivative financial instruments when they are to be recognised in the statement of comprehensive income and are recognised respectively as financial income or expenses on transactions, with the exception of changes in the fair value of hedging derivatives, which are recorded on the same line as the transaction hedged, under operating income.

Therefore, any change in the fair value of derivatives, when they are not eligible for hedge accounting, and the change in

value of the ineffective portion for cash flow hedging are recognized in the financial result.

All interests on borrowings are recognised as financial expenses as and when incurred.

3. HIGHLIGHTS OF FINANCIAL YEAR 2011

Development of contracts in France and Internationally
In reporting period 2011 the Group benefited from the full effect of the merger and acquisition operations carried out in 2010. In addition, new developments in the period were as follows:

Acquisitions
- **United States:** acquisition on 29 November of 100% of Tectrans Inc (henceforth Keolis Transit America), a public road transport operator based in California (urban and sub-urban transportation, transportation of mobility impaired persons, airport shuttle services, etc.) operating in California, Florida and the Commonwealth of Virginia.
- **Belgium:** acquisition in September of a 100% equity stake in three companies (Joye, Westhoeck, and Le Cinacien) operating school transport and regular services.
- **Canada:** acquisition in February of the assets and operating rights of Autobus Drummondville Ltd on services between Thetford-Mines and Montreal.

Invitations to bid

On the international market:
- **Australia:** Keolis, together with the GoldLinQ consortium, has been awarded a public-private partnership (PPP) contract for the future Gold Coast tramway. Construction work is underway and entry into service is scheduled for June 2014 until 2029.
- **United Kingdom:**
  - together with the Tramlink Nottingham Holdings Limited consortium, Keolis has been awarded a 22½-year public-private partnership contract for the Nottingham tramway. The contract provides for the takeover of the existing network, and investment in and construction and operation of two new tram lines.
  - agreement secured for a 2-year extension of the LSER franchise (March 2012 to March 2014);
  - a 3-year extension of the English TransPennine franchise, until April 2015. In addition FTPE (First TransPennine Express), the British railway operator jointly controlled by Keolis and First Group, will gradually install an electric power supply system on the section linking Liverpool and Manchester, between December 2013 and May 2014. Ten electric trains will be introduced on the network and will significantly cut passenger journey time
  - extension of the Southern franchise until July 2015. To guarantee smooth operation of the franchise, Southern has placed an order for Bombardier trains worth £188 million, to be delivered by 31 December 2013.
- **Scandinavia:**
  - Start-up of the E19 contract (operation of a bus network in Stockholm) and the urban bus network in Jönköping, for a period of 7 years.
  - Partial renewal of the MOVIA A8 contract for a period of 6 years
- **Netherlands:** Keolis has been awarded the ZHO/Twente multimodal contract. It is scheduled to start in December 2013.
- **Germany:** renewal of the management contract for the regional rail network of Ostwestfalen-Lippe linking Bielefeld and Münster. This 12-year contract includes an extension of the rail network to a total capacity of 2.2 million train kilometres per annum. Operations will commence in December 2013.

In France:
- **Orléans:** Keolis has been awarded the management contract for the transport network of the Orléans urban area for a period of 7 years starting on 1st January 2012.
- **Aix-en-Provence:** the Communauté du Pays d'Aix has chosen the Keolis group to operate its "Aix en Bus" transport network from 1st January 2012 for a period of 8 years.
- **Metz:** Keolis has been awarded a public service concession to operate the urban transport network of the Metz urban area. This 12-year contract will commence on 1st January 2012. It will be implemented by a semi-public company.
- **Épinal:** SITAS (Syndicat Intercommunal des Transports de l'Agglomération Spinalienne) has unanimously opted to award Keolis a public service concession for its urban transport system. This 8-year contract will commence on 1st January 2012.
- **Ile-de-France:** the Communauté d'Agglomération Creilloise (CAC) has reaffirmed its confidence in Keolis to operate its urban network. This 8-year public service contract commenced on 1st July 2011.
- **Normandy:**
  - Keolis is expanding in the school transport sector in the Calvados department. The Group has been selected to operate 12 lines further to a call for tenders from the Calvados Conseil Général (departmental council) for the management of the school transport. The 8-year contract commenced on 5th September 2011.
  - Renewal to operate Lisieux urban network from the 1st July 2011 for 10 years.
- **Brittany:** Keolis was chosen to operate 3 of the 4 packs of regular lines for Conseil Général d'Ille et Vilaine. The contract started on the 1st September 20011 for 8 years. Gascogne Océan: renewal of the Tarbes contract for 7½ years and the Marmande contract for 8 years from 1st September 2011.
- **Gascogne Océan:** renewal of the Tarbes contract for 7½ years and the Marmande contract for 8 years from 1st September 2011.

- **Eastern France:** Keolis moves into the Aube department:
  - further to a call for tenders from the Conseil Général of the Aube department regarding regular intercity lines, Keolis has been awarded a contract for the section linking Bar sur Aube and Troyes, which comprises 6 regular lines.
  - Keolis's Pontarlier urban network contract has been renewed from 1st September 2011 for a period of 6 years.

The impacts of the acquisitions in the reporting period are as follows:

(€ million)	
Non-current assets	13
Current assets	17
TOTAL IDENTIFIABLES ACQUIRED ASSETS	**30**
Non-current liabilities	(36)
Current liabilities	(8)
TOTAL ACQUIRED LIABILITIES	**(44)**
= Net identifiable acquired assets	(14)
+ Goodwill	29
= Acquisition Cost	15
+/- Acquired cash	2
IMPACT OF NEWLY-CONSOLIDATED COMPANIES ON CASH	**(13)**
Turnover(*)	6
Profit for the year(*)	-

(*) Turnover and consolidated income since the acquisition.

Repayments of the borrowings and financial liabilities of the acquired companies totalled €37 million during the reporting period. This amount is posted as "Loan repayments" in the cash flow statement.

Recognized goodwill is provisional and will be allocated within the 12-month deadline stipulated by the standards.

4. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1. Staff costs and number of employees

(€ million)	2011	2010
Wages and social charges	(1,971)	(1,851)
Other staff expenses[1]	(150)	(131)
TOTAL	**(2,121)**	**(1,982)**

(1) Other staff expenses include incentive schemes, profit sharing.

The average number of Group employees breaks down as follows:

	2011	2010
Managers	1,804	1,595
Supervisory and technical staff	6,541	6,012
Clerical and manual employees, drivers	39,492	35,907
TOTAL	**47,837**	**43,514**

Numbers employed in the proportionally consolidated companies are included on the basis of the percentage consolidated.
The average number of staff in the companies acquired during the period is averaged over the period.

4.2. Non-recurring profit (loss)

(€ million)	2011	2010
Other non-recurrent income and expenses:	(9)	(1)
Costs of offensive contract bids	(3)	(6)
Reorganization expenses	(3)	(5)
Net capital gains or losses on disposals of asset items excluding transportation equipment	(2)	1
Other	(1)	9
Effects of changes in reporting scope	(1)	-
Contractual amortization allowances	(2)	(2)
TOTAL	**(12)**	**(3)**

4.3. EBITDA calculation

(€ million)	2011	2010
OPERATING PROFIT/(LOSS)	**107**	**106**
Net depreciation and other provisions charged	127	130
Depreciation and provisions on non-recurring items	3	(8)
Amortisation of grants received	(7)	(8)
Reversals of operating provisions utilised	(10)	(17)
Income/(loss) on non recurring fixed asset disposals	2	(1)
Structural effects recognised directly in income	1	-
Income/(loss) on fixed asset disposal	(2)	(2)
EBITDA	**221**	**200**
NON-RECURRING INCOME AND EXPENSE(1)	**8**	**13**
RECURRING EBITDA	**229**	**213**

(1) Non-recurring income and expenses include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

4.4. Financial income/(loss)

(€ million)	2011	2010
Cost of gross financial debt	(11)	(10)
Treasury income and treasury equivalents	4	2
Cost of net financial debt	(7)	(8)
Cession income	-	1
Dividends	1	-
Changes in the fair value of financial instruments	-	-
Other products and financial charges	(3)	-
FINANCIAL INCOME	**(9)**	**(7)**

4.5. Share in net earning of equity-methods associates

The contributions to consolidated results from associates are neither individually nor globally material to the Group's earnings.

4.6. Tax charges

2011 tax charge was €44 million on profit before tax and consolidated companies of €98 million.

The recognised tax expense breaks down as follows:

(€ million)	2011	2010
CURRENT TAX EXPENSE	**(48)**	**(44)**
Tax payable for the period	(48)	(44)
Adjustments in respect of prior years	-	-
DEFERRED TAX EXPENSE/(INCOME)	**4**	**(4)**
Deferred tax for the period	4	(4)
Impairment loss on deferred tax asset	-	-
TAX EXPENSE FOR THE YEAR	**(44)**	**(48)**

The Group has opted to present a reconciliation of its effective rate of interest at 34.43%, rather than 36.1%, which was the current rate in 2011, by including the additional contribution of 5% (2011 Finance Act).
In fact, this rate of 36.1% will not apply to Keolis S.A. because i) the impact of payment of deferred income taxes is insignificant in the period and ii) this measure is only transient to date.

The reconciliation between the legal rate of taxation in France and the effective rate is as follows:

(per cent)	2011	2010
Legal rate of taxation in France	34.43%	34.43%
French/foreign taxation rate differentials	(3.02)%	(2.58)%
Effect of reduced rates and changes in tax rates	(0.76)%	(4.36)%
Adjustment in respect of tax for prior years	(1.58)%	(1.76)%
Other permanent differences	0.58%	(13.77)%
Effect of direct taxation	6.76%	9.95%
Unrecognised deferred tax	8.22%	26.64%
EFFECTIVE RATE OF TAXATION	**44.63%**	**48.55%**

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill

Changes in carrying amount:

(€ million)	Gross value	Impairment charge	Net value
At 1 January 2010	**207**	-	**207**
Acquisitions	(8)	-	(8)
Disposals	-	-	-
Impairment losses for the period	-	-	-
Foreign exchange translation difference	3	-	3
At 31 December 2010	**202**	-	**202**
At 1 January 2011	**202**	-	**202**
Acquisitions	29	-	29
Disposals	-	-	-
Impairment losses for the period	-	-	-
Foreign exchange translation difference	2	-	2
AT 31 DECEMBER 2011	**233**	-	**233**

The changes in goodwill during the 2011 financial year are explained by:
- The acquisition of 3 Belgium companies, generating €2 million of goodwill;
- The acquisition of Keolis Transit America, generating €27 million of goodwill.

At 31 December 2011, goodwill attached to France totalled €85 million.

The main assumptions made for impairment tests are as follows:

Discount rate

The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the tested asset.

The average weighted cost of capital has been determined with a combination of two methods: the "Capital Asset Pricing Model" (CAPM) method and the average weighted cost of capital method for comparable listed companies. In view of these factors, the cost of capital used to discount future cash flows was set at 6.8% in 2011, the same rate as for 2010.

These discount rates are rates after tax applied to cash flows after tax. Use thereof determines the recoverable amounts identical to those obtained by using pre-tax rates applied to non-taxable cash flows, in accordance with IAS 36.

Long-term growth rates

The rates applied to the main cash-generating units or groups thereof were as follows:

	2011	2010
France	2.0%	2.0%
Great Britain	2.0%	2.0%
Denmark	2.0%	2.0%
Canada	2.0%	2.0%
Belgium	2.0%	2.0%
Other countries	2.0%	2.0%

Impairment tests of indefinite life assets have not led the Group to recognize any depreciation.

Sensitivity of recoverable amounts
Sensitivity tests of groups of cash-generating units were carried out by varying the long-term growth rates or the WACC (weighted average cost of capital).

A 0.5 decrease in the indefinite growth rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

A 0.5 increase in the indefinite growth rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

No impairment in value was recognized in 2010 or 2011.

5.2. Other intangible assets

(€ million)	Software	Trademarks	Contractual rights	Other[1]	Total
At 1 January 2010	**9**	**1**	**28**	**80**	**118**
Acquisitions	6	-	-	14	**20**
Assets disposed of and scrapped	-	-	-	-	**-**
Depreciation	(6)	-	(3)	(13)	**(22)**
Changes in scope of consolidation	-	-	3	-	**3**
Foreign exchange translation differences and other movements	-	-	1	1	**2**
At 31 December 2010	**9**	**1**	**29**	**82**	**121**
Gross value	40	1	37	132	**210**
Cumulative depreciation and impairment loss	(31)	-	(8)	(50)	**(89)**
NET CARRYING AMOUNT AT 31 DECEMBER 2010	**9**	**1**	**29**	**82**	**121**

(€ million)	Software	Trademarks	Contractual rights	Other[1]	Total
At 1 January 2011	**9**	**1**	**29**	**82**	**121**
Acquisitions	7	-	-	34	**41**
Assets disposed of and scrapped	-	-	-	(1)	**(1)**
Depreciation	(7)	-	(2)	(12)	**(21)**
Changes in scope of consolidation	-	-	1	3	**4**
Foreign exchange translation differences and other movements [2]	10	-	-	(29)	**(19)**
At 31 December 2011	**19**	**1**	**28**	**77**	**125**
Gross value	51	1	39	139	**230**
Cumulative depreciation and impairment loss	(32)	-	(11)	(62)	**(105)**
NET CARRYING AMOUNT AT 31 DECEMBER 2011	**19**	**1**	**28**	**77**	**125**

(1) Of which intangible concession assets of €39 million in 2010 and €35 million in 2011.
(2) Including activation of assets in progress.

The acquisition of other intangible assets for €34 million concern mainly the application of the IFRIC 12 norm linked to concession assets.

5.3. Property, plant and equipment

(€ million)	Land & Improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2010	**22**	**40**	**31**	**321**	**16**	**19**	**449**
Acquisitions	6	6	12	71	10	19	**124**
Assets disposed of and scrapped	(3)	(4)	-	(14)	-	(2)	**(23)**
Depreciation	(1)	(5)	(12)	(69)	-	(8)	**(95)**
Changes in scope of consolidation	-	-	-	1	-	-	**1**
Foreign exchange translation differences and other movements	1	-	1	(8)	(6)	4	**(8)**
At 31 December 2010	**25**	**37**	**32**	**302**	**20**	**32**	**448**
Gross value	30	88	110	833	20	80	**1,161**
Cumulative depreciation and impairment	(5)	(51)	(78)	(531)	-	(48)	**(713)**
NET CARRYING AMOUNT AT 31 DECEMBER 2010	**25**	**37**	**32**	**302**	**20**	**32**	**448**

(€ million)	Land & Improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2011	**25**	**37**	**32**	**302**	**20**	**32**	**448**
Acquisitions	2	7	9	88	17	20	**142**
Assets disposed of and scrapped	(1)	(4)	-	(19)	-	-	**(24)**
Depreciation	-	(5)	(9)	(72)	-	(9)	**(96)**
Changes in scope of consolidation	-	-	-	9	-	-	**9**
Foreign exchange translation differences and other movements [1]	(1)	5	6	4	(10)	-	**5**
At 31 December 2011	**25**	**41**	**37**	**312**	**27**	**42**	**484**
Gross value	28	94	118	844	27	93	**1,204**
Cumulative depreciation and impairment	(3)	(53)	(81)	(532)	-	(51)	**(720)**
NET CARRYING AMOUNT AT 31 DECEMBER 2011	**25**	**41**	**37**	**312**	**27**	**42**	**484**

(1) Including ongoing assets.

Finance leases
At 31 December 2011, finance leased assets recognised under assets in the statement of financial position comprise:

(€ million)	Land and Buildings	Transport and equipment	Other	**Total**
Gross value	8	173	-	181
Depreciation	(4)	(96)	-	(100)
TOTAL FINANCE LEASED NON-CURRENT	**4**	**77**	**-**	**81**

Schedule of minimum finance lease payments

(€ million)	1 year	1 to 5 years	> 5 years	**Total**
Principal	15	36	8	59
Interest	2	4	1	7
FINANCE LEASE PAYMENTS	**17**	**40**	**9**	**66**

5.4. Joint Ventures

The contributions of joint ventures to the statement of financial position and the statement of comprehensive income are detailed below:

(€ million)	Govia	Southern Railway	London Midland	Transpennine	LSER	Other	**Total joint ventures**
Non-current assets	35	3	16	1	6	22	83
Total statement of financial position	62	89	42	51	71	37	352
Net profit/(loss) attributable to Group	(1)	7	-	25	10	(2)	39
Equity attributable to Group	10	7	3	12	11	1	44
Current and non-current liabilities	56	92	42	39	68	37	334

5.5. Other financial assets

(€ million)	Loans and receivables	Securities available for sale	Deposits and guarantees	Derivatives assets	Concession financial assets	Total
At 31 December 2010						
Gross value	43	4	6	1	25	**79**
Impairment	-	-	-	-	(3)	**(3)**
Net value	**43**	**4**	**6**	**1**	**22**	**76**
- less than one year	25	-	6	-	-	**31**
- more than one year	18	4	-	1	22	**45**
At 31 December 2011						
Gross value	48	5	40[(1)]	-	50	**143**
Impairment	-	-	-	-	(3)	**(3)**
Net value	**48**	**5**	**40**	**-**	**47**	**140**
- less than one year	30	-	40	-	-	**70**
- more than one year	18	5	-	-	47	**70**

(1) Deposits and guarantees include the deposit paid by Southern to Bombardier on the trains order (see 3. Highlights).

The securities available for sale relate to investments in companies which are not consolidated.

The new concession financial assets totalled €27 million in reporting period 2011. Repayments amounted to €2.5 million.

5.6. Deferred tax assets and liabilities

Deferred tax items entered as non-current assets / liabilities break down as follows:

(€ million)	At 31 December 2011
Deferred tax asset	**33**
- less than a year	3
- more than a year	30
Deferred tax liability	**(38)**
- less than a year	(3)
- more than a year	(35)

Deferred tax items in the statement of financial position primarily stem from provisions for pensions, in the timing differences arising from tax, the restatement of finance leases and the goodwill on capitalised assets.

Unused deficits total €216 million at 31 December 2011. With regard to assumptions on the use of these deficits, and within their valid carry-over limit, unrecognized deferred tax assets on these deficits total €70 million, including €4 million in the period.

At each reporting date, Keolis assesses for each tax entity the probability of it having taxable profits against which it can off set its deferred tax assets or use available unrecognised tax credits. In making this assessment, Keolis takes account, among other factors, of past and present earnings of tax entities, and of the companies' prospects for making future taxable profits.

The change in net deferred tax recognised in the statement of financial position breaks down as follows:

(€ million)	Deferred tax assets	Deferred tax liability
Opening balance at 1 January 2011	**31**	**(41)**
Recognised in equity	(1)	1
Recognised in income	1	3
Effect of changes in scope of consolidation	1	-
Foreign exchange translation differences and other movements	1	(1)
YEAR-END BALANCE AT 31 DECEMBER 2011	**33**	**(38)**

Net deferred income taxes are as follows:

(€ million)	At 31 December 2011	At 31 December 2010
Temporary differences	13	10
Fair value adjustments	(28)	(29)
Employee benefits	27	26
Other	(17)	(16)
CLOSING BALANCE AT 31 DECEMBER	**(5)**	**(9)**

5.7. Inventories

(€ million)	At 31 December 2011	At 31 December 2010
Gross inventories	81	70
Provisions	(6)	(5)
NET INVENTORIES	**75**	**65**

5.8. Trade and other receivables

(€ million)	At 31 December 2011	At 31 December 2010
Trade receivables	327	344
Advances and down payments on orders	2	3
Amortisation of accounts receivable	(5)	(5)
Accounts receivable	**324**	**342**
Receivables from staff and welfare agencies	3	3
Central government and local authorities	107	72
Other	183	157
Amortisation of other accounts receivable	(1)	(1)
Sundry receivables	**292**	**231**

5.9. Cash and cash equivalents

(€ million)	At 31 December 2011	At 31 December 2010
Cash	262	287
Short term investments	60	97
TOTAL RECOGNISED AS ASSETS	**322**	**384**
- of which UK rail ring fenced cash and deposits[1]	87	110

(1) In the United Kingdom, operating companies are required under contract to retain a level of liquidity such that the public service can be maintained in the event of the operator's insolvency. This requires the operator to maintain a Liquidity Maintenance Ratio. The required amount is equal to a certain number of weeks of direct costs relating to the activity and must be maintained until the end of the franchise. This constraint means that the liquidity in question is treated as unavailable to the Group.

Statement of consolidated cash flow

(€ million)	At 31 December 2011	At 31 December 2010
Cash	262	287
Short term investments	60	97
Bank overdrafts	(111)	(153)
NET CASH AND CASH EQUIVALENTS	**211**	**231**

Cash equivalents include highly liquid short term investments that are easily convertible into a known amount of cash and present no significant risk of loss of value.

Keolis takes the view that its UCITS classified by the AMF (French financial markets authority) as "euro money-market" meet the criteria necessary to classify them as cash equivalents.

The amount of financial expenses paid was €10 million in 2011 and €6 million at 31 December 2010.

In 2011 a transfer of receivables without recourse was recognised for an amount of €20 million versus €14 million at 31 December 2010.

5.10. Equity

Share capital and share premium
At 31 December 2011, the share capital comprised 3,904,273 ordinary shares with a nominal value of €12 each.

No diluting instrument was issued during the financial year ended 31 December 2011.

The Group's borrowing contracts do not include any mandatory gearing ratio clauses. Nevertheless, the Group's aim is to maintain or strengthen its capital base. Equity capital includes the share of capital attributable to the Group as well as the unrealised gains and losses recognised directly in equity.

Treasury shares
At 31 December 2011 and 31 December 2010 Keolis held no treasury shares and was not a party to any purchase or sale option relating to Keolis shares.

Distributable reserves and earnings
At 31 December 2011 and 31 December 2010, Keolis S.A. had reserves and distributable earnings of €1 million and €45.5 million respectively.

Foreign exchange translation reserve
During 2011, the foreign exchange translation reserves increased by €2 million. This change was mainly due to the fluctuation of the pound sterling against the euro.

The following were the main exchange rates against the euro used during the 2011 and 2010 financial year:

	2011		2010	
	Average rate	Closing rate	Average rate	Closing rate
Pound Sterling	0.867039	0.8353	0.858238	0.860750
Australian dollar	1.345823	1.2723	1.444175	1.313600
DKK	7.450686	7.4342	7.447214	7.453500
SEK	9.018724	8.912	9.546918	8.965500
NOK	7.794055	7.754	8.006035	7.80000
US dollar	1.38971	1.2939	1.326799	1.336200
Canadian dollar	1.373426	1.3215	1.366504	1.332200

5.11. Financial debt and long term borrowings

Financial debt breakdown by type

	At 31 December 2010		
(€ million)	Amounts in the statement of financial position	Term	Rates
Owed to non controlling shareholders (put option)	4	2011	-
Finance leasing	13	2010	Variable rates
Loans	55	2010	Variable rates
SUBTOTAL, SHORT TERM	**72**		
Owed to non controlling shareholders	1	2011-012	-
Finance leasing	42	-	Variable rates
Employee profit-sharing	3	2011-2015	Fixed rates
Loans	167	2011-2015	Variable rates
Derivatives	1	-	-
SUBTOTAL, LONG TERM	**214**		
TOTAL	**286**		

(€ million)	At 31 December 2011 Amounts in the statement of financial position	Term	Rates
Owed to non controlling shareholders (put option)	5	2012	-
Finance leasing	15	2012	Variable rates
Derivatives	1	-	-
Loans	65	-	Variable rates
SUBTOTAL, SHORT TERM	**86**		
Owed to non controlling shareholders	2	2013	-
Finance leasing	44	2013-2016	Variable rates
Employee profit-sharing	3	2013-2016	Fixed rates
Loans	88	2015	Fixed rates
Loans	61	2013-2016	Variable rates
Derivatives	-	-	
SUBTOTAL, LONG TERM	**198**	**2013-2016**	
TOTAL	**284**		

Joint venture borrowings are mainly financing facilities negotiated with the partners. These loans are tacitly renewable and interest bearing.

Amounts owed to non controlling interests are revalued and their value is discounted but the discount charge is incorporated into goodwill.

Financial debt breakdown by maturity

(€ million)	At 31 December 2011 2012	2013	2014	2015	2016	After 2016	Total
Finance leasing	15	17	13	5	1	8	59
Other liabilities	71	15	11	106	1	21	225
TOTAL	**86**	**32**	**24**	**111**	**2**	**29**	**284**

Financial debt breakdown by currency

(€ million)	At 31 December 2011	At 31 December 2010
Euro	174	157
Canadian dollar	30	30
Pound Sterling	45	38
SEK	9	16
Australian dollar	9	21
DKK	17	23
NOK	-	1
TOTAL FINANCIAL DEBTS	**284**	**286**

Mandatory financial ratios (Leverage ratio and Net Interest Coverage) requiring compliance are defined under the debt refinancing contract of 24 May 2007, amended on 4 June 2009. The Group was compliant with these ratios at 31 December 2010. The ratios redefined when the June 2010 debt was renegotiated and its maturity extended by one year to May 2011 had been met at 31 December 2011.
Under the finance contract concluded on 27 September 2010 with Crédit Agricole CIB («CRPP»), the same financial ratios were imposed (leverage ratio and net interest coverage ratio). These had been met at 31 December 2011.

The leverage ratio corresponds to the ratio between net debt and recurring EBITDA.
Net Interest Coverage ratio corresponds to the ratio between recurring EBITDA and financial income/(loss).

Tableau de variation des dettes financières

(€ million)	At 31 December 2010	Increase	Decrease	Changes in scope of consolidation	Impact of change	Other	At 31 December 2011
Finance leasing	13	-	(4)	-	-	6	15
Owed to non controlling shareholders (put option)	4	-	-	-	-	1	5
Derivatives	-	-	-	-	-	1	1
Loans	55	14	(24)	1	2	17	65
SUBTOTAL, SHORT TERM	**72**	**14**	**(28)**	**1**	**2**	**25**	**86**
Finance leasing	42	20	(13)	-	-	(5)	44
Owed to non controlling shareholders (put option)	1	-	-	-	-	1	2
Employee profit-sharing	3	-	-	-	-	-	3
Loans	167	-	(38)	36	1	(17)	149
Derivatives	1	-	-	-	-	(1)	-
SUBTOTAL, LONG TERM	**214**	**20**	**(51)**	**36**	**1**	**(22)**	**198**
TOTAL	**286**	**34**	**(79)**	**37**	**3**	**3**	**284**

5.12. Financial assets and liabilities by category

(€ million)	Book value by category of instruments					31/12/2011	Fair value by level			31/12/2011
	Fair value through profit and loss	Assets held for sale	Loans and receivables	Debts at amortised cost	Derivative instruments	Value in the statement of financial position	Listed price	Model based on observable parameters	Model based on non observable parameters	Fair Value
Investments in associates	-	5	-	-	-	5	-	-	-	-
Other non-current financial assets	-	-	65	-	-	65	-	-	-	-
Trade receivables	-	-	324	-	-	324	-	-	-	-
Other receivables	-	-	292	-	1	293	-	1	-	1
Current financial assets	-	-	70	-	-	70	-	-	-	-
Cash and cash equivalents	322	-	-	-	-	322	322	-	-	322
ASSETS	**322**	**5**	**751**	**-**	**1**	**1,079**	**322**	**1**	**-**	**323**
Non-current financial debt	2	-	-	196	-	198	-	92	2	94
Current financial debt	5	-	-	80	1	86	-	1	5	6
Bank borrowings	111	-	-	-	-	111	111	-	-	111
Customer deposits and advances received	-	-	32	-	-	32	-	-	-	-
Trade and other payables	-	-	530	-	-	530	-	-	-	-
Other current operating liabilities	-	-	694	-	-	694	-	-	-	-
LIABILITIES	**118**	**-**	**1,256**	**276**	**1**	**1,651**	**111**	**93**	**7**	**211**

5.13. Risk management and financial derivatives

Keolis S.A. is exposed to market risks through its commercial and financial operations.
This exposure is due mainly to fluctuations in exchange rates, raw materials' prices and interest rates.

As at 31 December 2011, Keolis S.A. held derivative instruments qualified as cash flow hedges, net investment hedges and other derivatives to which hedge accounting does not apply.

Impacts on performance and the financial position of derivatives are presented in the table below:

	31/12/2011				Result[2]				31/12/2011		
(€ million)	Nominal	Unit	Fair Value (K€)	Recycling of equity in profit or loss[1]	Profit/(loss) for the period eligible instruments (K€)	Results for the period NIH (k€)	Results for the period trading (k€)	Profit/(loss) for the period (K€)	Impact OCI (k€)	Premium	Carrying amount in the balance sheet (K€)
Forex derivatives Trading	19,500	K AUD	(186)	-	-	-	(186)	(186)	-	-	(186)
Forex derivatives Trading	1,500	K CAD	(10)	-	-	-	(10)	(10)	-	-	(10)
Forex derivatives Trading	23,300	K GBP	(33)	-	-	-	(33)	(33)	-	-	(33)
Forex derivatives Trading	150,000	K SEK	(94)	-	-	-	(94)	(94)	-	-	(94)
Forex derivatives Trading	29,835	K USD	(223)	-	-	-	(223)	(223)	-	-	(223)
Diesel derivatives Cash Flow Hedge	36,889	TM	1,345	629	(461)	-	-	(461)	1,248	(557)	1,345
Gazole derivatives Cash Trading	18,350	TM	(335)	-	-	-	218	218	-	553	(335)
Interest rate derivatives Cash Flow Hedge	37,500	K€	(393)	(88)	-	-	-	-	(394)	-	(394)
Interest rate derivatives Trading	205,249	K€	(101)	-	-	-	(197)	(197)	-	(97)	(101)
TOTAL PROFIT/ LOSS			**(31)**	**541**	**(461)**	**-**	**(525)**	**(986)**	**854**	**(101)**	**(31)**
Foreign exchange			(546)	-	-	-	(546)	(546)	-	-	(546)
Diesel	55,239	TM	1,009	629	(461)	-	218	(243)	1,248	(4)	1,009
Interest rate	477,749	K€	(494)	(88)	-	-	(197)	(197)	(394)	(97)	(494)
Share in financial income				(849)	(461)	-	(525)	(986)	-	-	-
Share in operating income				1,390	-	-	-	-	-	-	-

(1) These are market securities that were included in shareholders' equity at 31 December 2010 and that affected the income of the reporting period because the transactions were closed out during the period.
(2) These are changes in market price that affected the period's financial income (expense).

This table is presented exclusive of accrued interest.

The derivative instruments are recognised in the statement of financial position at their fair value for the following amounts:

	At 31 December 2011		At 31 December 2010	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency instruments	-	0.5	0.1	-
Commodities instruments	1.5	0.5	-	-
Interest rate instruments	0.2	0.7	1.0	-
TOTAL	**1.7**	**1.7**	**1.1**	**-**

Foreign exchange risk
For limited amounts, Keolis uses foreign exchange hedges primarily backed by loans or borrowings denominated in foreign currency and recorded in current accounts; they are designated as eligible for Trading under the meaning of IAS 39.

The hedging instruments used by the Group at 31 December 2011 were standard, liquid and available in the markets, namely: forward and futures sales and purchases.

Fair value of foreign exchange hedging instruments

As at 31 December 2011, the impact of foreign currency hedging contracts on the 2011 income statement is €-545.5K.
The net fair value of derivative instruments is €-545.5€ on foreign exchange as at 31 December 2011.
The balance of the "fair value reserve" account for foreign exchange derivatives is nil.

Derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2011		At 31 December 2010	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Currency instruments, of which:				
- derivatives designated as transaction hedges	-	0.55	0.17	0.19
- derivatives designated as NIH	-	-	-	-
- derivatives designated as cash flow hedges	-	-	-	-
TOTAL	**0.00**	**0.55**	**0.17**	**0.19**

The nominal amounts and the fair values of foreign exchange transactions are detailed below:

AUD HEDGE	At 31 december 2011	
	Nominal (AUD thousand)	**Fair value (EUR thousand)**
Forward purchases	-	-
Forward sales	19,500	(185.6)
TOTAL	**19,500**	**(185.6)**

CAD HEDGE	At 31 December 2011	
	Nominal (CAD thousand)	**Fair value (EUR thousand)**
Forward purchases	-	-
Forward sales	1,500	(9.5)
TOTAL	**1,500**	**(9.5)**

GBP HEDGE	At 31 December 2011	
	Nominal (GBP thousand)	**Fair value (EUR thousand)**
Forward purchases	20,300	(32.8)
Forward sales	-	-
TOTAL	**20,300**	**(32.8)**

SEK HEDGE	At 31 December 2011	
	Nominal (SEK thousand)	**Fair value (EUR thousand)**
Forward purchases	-	-
Forward sales	150,000	(94.3)
TOTAL	**150,000**	**(94.3)**

USD HEDGE	At 31 December 2011	
	Nominal (USD thousand)	**Fair value (EUR thousand)**
Forward purchases	-	-
Forward sales	29,835	(223.4)
TOTAL	**29,835**	**(223.4)**

All of the foreign exchange hedging instruments held at 31 December 2011 mature in 2012.

The sensitivity of foreign exchange hedging contracts to a variation of plus or minus 10% in foreign exchange rates is detailed below:

	At 31 December 2011	
(€ million)	**90% of the exchange rate**	**110% of the exchange rate**
Impact OCI	-	-
Impact P&L	3.20	(3.19)
VALUATION	**3.20**	**(3.19)**

Managing the risk of commodities price fluctuations

Keolis's exposure to the risk of fluctuations in commodities prices mainly arises from fuel purchases. The Group hedges this raw materials risk using standard, liquid hedging instruments, namely:

- swaps;
- cap calls;
- floor puts if tied with cap calls to create symmetrical or asymmetrical tunnels.

At 31 December 2011, Keolis primarily had derivative instruments designated as eligible for cash flow hedging.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2011		At 31 December 2010	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Raw materials instruments, of which:				
- qualify as cash flow hedges	1.5	0.1	1.5	0.1
- do not qualify as cash flow hedges	-	0.4	-	-
TOTAL	**1.5**	**0.5**	**1.5**	**0.1**

The nominal amounts as well as the fair values of raw materials risk hedging derivatives (forward purchases and sales and options) are detailed below:

	At 31 December 2011	
	Nominal (Metric Tonnes)	**Fair value (€ thousand)**
Swaps	17.9	0.5
Collars (cap calls and floor puts)	19.0	0.8
Floor puts	14.8	(0.3)
Option purchases - floor	3.6	-
Option purchases - cap	-	-
TOTAL	**55.2**	**1.0**

The impact on the income statement at 31 December 2011 is an income of €3.3 million from raw materials hedging contracts.
The net fair value of derivative instruments on petroleum raw materials amounted to €1.00 million at 31 December 2011 and was €1.43 million at 31 December 2010.
At 31 December 2011, the balance of the "Fair value reserve" was €5.4 million.

The sensitivity of raw materials hedging contracts to a variation of plus or minus 10% in raw materials prices is detailed below:

	At 31 December 2011	
(€ million)	**90% of diesel price**	**110% of diesel price**
Impact OCI	(2.4)	2.8
Impact P&L	(0.6)	-
IMPACT FAIR VALUE	**(3.0)**	**2.8**

All raw materials hedging instruments held at 31 December 2011 mature between January 2012 and December 2013.

Open hedging positions at 31 December 2011 were as follows:
- swaps for a nominal volume of 17,882 metric tons, of which 10,082 tons mature in 2012 and 7,800 tons mature in 2013;
- symmetric tunnels of caps and floors for a nominal volume of 19,007 metric tons, of which 11,807 tons mature in 2012 and 7,200 in 2013;
- purchase of floors (buy back of the asymmetry of some tunnels) for a nominal volume of 3,600 metric tons, maturing in 2012;
- sale of floors for a nominal volume of 14,750 metric tons, of which 9,350 tons mature in 2012 and 5,400 in 2013.

All hedging transactions are conducted with first-class banking counterparties.

Interest rate risk management
The exposure of Keolis to interest rate risk primarily stems from its net financial debt.

At 31 December 2011, Keolis held the following standard and liquid hedging, directly related to the debt contract ("private placement with Crédit Agricole regional banks" or CRPP) set up 30 September 2009:
- swap purchases;
- cap purchases;
- floor sales in as much as they are linked to cap purchases to form symmetrical tunnels;
- put swaptions bought or sold.

The breakdown between Keolis fixed and variable rate debt, excluding the derivatives portfolio and non controlling interest debts, is as follows:

(€ million)	At 31 December 2011	At 31 December 2010
Variable rate	196	286
Fixed rate	88	-
FINANCIAL DEBT AND LONG TERM BORROWINGS ADJUSTED FOR ACCRUED INTEREST	**284**	**286**
Variable rate cash and cash equivalents	(175)	(231)
Fixed rate cash and cash equivalents	(36)	-
CASH AND CASH EQUIVALENTS	**(211)**	**(231)**
Accrued interest receivable	-	-
Loans and receivables	(49)	(43)
Deposits and guarantees	(39)	(6)
Derivatives assets	-	(1)
Profit-sharing	(3)	(3)
NET FINANCIAL DEBT	**(18)**	**2**

Keolis is exposed to interest rate variability on the variable rate portion of its net financial debt.
At 31 December 2011, an increase of 50 basis points in market interest rates, on the basis of a constant net financial debt, would have increased the annual borrowing cost by €1.0 million (excluding accrued interest, derivatives and amounts owed to non controlling shareholders) and in parallel would have increased the financial income from cash and cash equivalents by €0.9 million.

As at 31 December 2011, Keolis had derivative instruments eligible for hedge accounting (cash flow hedging).

On the basis of the hedging portfolio, an instantaneous increase of 50 basis points in market interest rates would cut the cost of annual debt by €0.3 million.

For example, an immediate increase of 50 basis points in market interest rates on the basis of constant net financial debt adjusted to reflect the impact of hedges, would reduce the annual cost of debt by €0.2 million.

Symmetrically, an immediate decrease of 50 basis points in market interest rates, on the basis of constant net financial debt adjusted to reflect the impact of hedges, would have a small impact on the annual cost (decrease by €77,000).

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2011		At 31 December 2010	
(€ million)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments of which:				
- qualify as cash flow hedges	-	0.4	0.3	0.2
- do not qualify as cash flow hedges	0.2	0.3	0.6	-
TOTAL	**0.2**	**0.7**	**0.9**	**0.2**

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2011	
	Nominal (K EUR)	**Juste valeur (K EUR)**
Rate swaps	130,749	(704)
Purchases of options	12,000	210
Tunnels	100,000	-
Sales of options	-	-
TOTAL	**242,749**	**(494)**

The impact on the income statement at 31 December 2011 from eligible interest rate hedging transactions in CFH was €(0.2) million, for a €(0.3) million comprehensive impact of interest rate derivatives.
The net fair value of interest rate derivatives amounted to €(0.5) million at 31 December 2011.
At 31 December 2011, the balance of the "fair value reserve" was €(0.4) million.

The sensitivity of interest rate hedges to an impact of 0.50% on interest rate levels is presented below:

	At 31 December 2011	
(€ million)	**Market rate -0.5%**	**Market rate +0.5%**
Impact OCI	(0.22)	0.21
Impact P&L	(0.07)	0.13
VALUATION	**(0.29)**	**0.34**

All of the interest rate hedging instruments held at 31 December 2011 mature between 2012 and 2015.

Counterparty risk
All hedging transactions, whether on interest rate, foreign exchange or raw materials risks, are conducted with bank counterparties.

The transactions generating a potential counterparty risk for Keolis are as follows:
- cash deposits;
- derivative instruments;
- trade receivables;
- concession financial assets.

The maximum concentration by instruments class is as follows:
- cash deposits: 100%;
- derivative instruments: 30%;
- trade receivables: 10%;
- concession financial assets: 100%.

The concentration of counterparty risk on derivative instruments is calculated on the basis of Mark to Market valuations on the reporting date.

Keolis makes its cash deposits and enters into its interest rate, foreign exchange and commodities contracts with first-class banks, thereby limiting the counterparty risk. The counterparty banks of the Group have a minimum long term credit rating "A-" (Standard & Poor's or Fitch rating).

Each quarter Keolis studies the changes to ratings and makes management decisions following the analysis of this change. The management decisions are as follows:
- the counterparty is measured as a first rank counterparty, no change of relationship is envisaged;
- the first rank counterparty is demoted to second rank counterparty, no new transaction will be processed with this counterparty;
- the second rank counterparty is raised to first rank counterparty, new transactions may be processed with this counterparty;
- the counterparty is removed from the list of authorised counterparties, all ongoing transactions with this counterparty are cleared.

The counterparty risk on trade accounts is limited owing to the fact that the majority of the customers in the GROUPE KEOLIS S.A.S. portfolio belong to the public sector.

In addition, Keolis is also careful not to acquire an excessive concentration of risks.
At 31 December 2011 Keolis had no significant counterparty risk to report.

Liquidity risk
The available credit facility at 31 December 2011 amounted to €170 million. This credit line, available to either Keolis or GROUPE KEOLIS S.A.S., expires 24 May 2014.

The availability of the undrawn credit line by year is as follows (this table is reproduced as is in the notes to the consolidated financial statements of GROUPE KEOLIS S.A.S.):

The availability of the undrawn credit line by year is as follows (this table is reproduced as is in the notes to the consolidated financial statements of GROUPE KEOLIS S.A.S.):

(€ million)	2012	2013	2014
Undrawn credit line	170	170	-

At 31 December 2011, the liquidity schedule of financial liabilities is as follows:

(€ million)	< =1 year	2 years	From 3 to 5 years	> 5 years
Financial debt	-	-	(100)	-
Debt expense	(2.8)	(2.8)	(5.0)	-
of which interest rate hedges	(0.14)	(0.97)	0.55	-

The debt liability includes debt-backed derivatives.
After hedging, two debt tranches are obtained at fixed rates: tranche A at 2.78% and tranche B at 2.88%.

The debt liability and the interest rate hedge liability are calculated on the basis of forward interest rates as at 31 December 2011:

At 31 December 2011	2012	2013	20142	2015
Forward interest	0.76%	0.79%	1.27%	1.80%

Keolis ensures that the Group has sufficient resources to meet its financial obligations.
To do so, each year Keolis prepares a table of projected cash flows several years into the future to identify:
- financing requirements; and
- the means of making good any treasury shortfalls.

5.14. Provisions

Analysis by type

(€ million)	At 31 December 2011			At 31 December 2010		
	More than a year	**Less than a year**	**Total**	**More than a year**	**Less than a year**	**Total**
Pensions	84	3	**87**	80	3	83
Other employee benefits	10	1	**11**	10	1	11
Deductibles on insurance claims	-	3	**3**	-	5	5
Disputes	6	3	**9**	7	3	10
Labour relations litigation and restructuring risks	1	2	**3**	1	5	6
Losses on contract termination and loss-making contracts	1	4	**5**	1	1	2
Contract fines	-	2	**2**	-	2	2
Major repairs	3	9	**12**	2	7	9
Other	1	6	**7**	2	6	8
TOTAL	106	33	**139**	**103**	**33**	**136**

Changes during the financial year

(€ million)	At 1 January 2010	Charges	Reversals	Changes in consolidation scope	Other movements	At 31 December 2010
Pensions	69	22	(19)	-	11	83
Other employee benefits	9	4	(2)	-	-	11
Deductibles on insurance claims	7	1	(3)	-	-	5
Disputes	9	3	(3)	-	1	10
Labour relations litigation and restructuring risks	7	5	(6)	-	-	6
Losses on contract termination and loss-making contracts	13	1	(12)	-	-	2
Contract fines	3	2	(3)	-	-	2
Major repairs	6	3	-	-	-	9
Other	12	1	(4)	-	(1)	8
TOTAL	**135**	**42**	**(52)**	**-**	**11**	**136**

(€ million)	At 1 January 2010	Charges	Reversals	Changes in consolidation scope	Other movements	At 31 December 2011
Pensions	83	19	(16)	-	1	87
Other employee benefi ts	11	2	(2)	-	-	11
Deductibles on insurance claims	5	1	(3)	-	-	3
Disputes	10	3	(5)	-	1	9
Labour relations litigation and restructuring risks	6	2	(4)	-	(1)	3
Losses on contract termination and loss-making contracts	2	5	(2)	-	-	5
Contract fines	2	3	(3)	-	-	2
Major repairs	9	3	-	-	-	12
Other	8	-	(2)	-	1	7
TOTAL	**136**	**38**	**(37)**	**-**	**2**	**139**

Reversals of provisions of €37 million comprise €27 million utilised and €10 million released as not required.

Pensions and similar benefits

The amount of commitments recognised in the statement of financial position breaks down as follows:

(€million)	At 31 December 2011	At 31 December 2010
Commitments recorded in the statement of financial position:		
Pensions and other post employment benefits	87	83
Other employee benefits	11	11
TOTAL	98	94
Of which: - non current	94	90
- current	4	4

Pensions and other post retirement benefits

Actuarial assumptions

The following are the main actuarial assumptions adopted in evaluating pension commitments under the defined benefit schemes:

	At 31 December 2011			At 31 December 2010		
(per cent)	**France**	**United Kingdom**	**Canada**	**France**	**United Kingdom**	**Canada**
Discount rate	3.80	5.00	4.75	4.25	5.60	5.00
Rate of increase in salaries	2.00-3.00	4.00	-	2.00-3.00	4.40	-
Expected rate of return on assets	3.50	7.40	5.75	4.00	8.15	6.00

Sensitivity to discount rates is as follows, in relation to the assumptions adopted:

	Commitment at 31/12/2011	Cost of services 2012	Financial cost 2012
Discount rate less 0.25%	98	19	2
Discount rate (basic assumption)	98	19	3
Discount rate plus 0.25%	97	20	3

The plan assets break down as follows:

	At 31 December 2011			At 31 December 2010		
(per cent)	**France**	**United Kingdom**	**Canada**	**France**	**United Kingdom**	**Canada**
Equities	15	87.9-89.9	44	15	89.5 - 90.4	4
Bonds	70	5.1-5.3	51	70	5	49
Real estate	10	4.2-5.2	5	10	4.3 - 5.4	5
Other	5	0.3-0.7	-	5	0.1 - 0.3	-

Commitments recorded in the statement of financial position

The commitments recognised in the statement of financial position break down as follows:

(€ million)	At 31 December 2011	At 31 December 2010
Present value of non financed liabilities	79	70
Present value of financed liabilities	529	484
PRESENT VALUE OF TOTAL LIABILITIES	**608**	**554**
Fair value of pension scheme assets	(421)	(392)
Cost of non-recognised past services	-	-
Franchise adjustment	(100)	(79)
PRESENT VALUE OF NET LIABILITIES RECOGNISED	**87**	**83**

Analysis of changes in liabilities and assets

The net present value of the liabilities comprises:

(€ million)	31/12/2011	31/12/2010
NET PRESENT VALUE OF LIABILITIES AT 1 JANUARY	**555**	**506**
Service cost	21	21
Financial cost (including Franchise adjustment)	17	16
Benefits paid	(18)	(17)
Employee contributions	8	8
Changes in pension schemes	1	-
Actuarial gains/(losses)	9	6
Foreign exchange translation difference	15	15
Effect of changes in consolidation scope	-	(1)
Effect of reductions and pension scheme settlements	-	-
NET PRESENT VALUE OF LIABILITIES AT 31 DECEMBER	**608**	**555**

The fair value of the assets comprise:

(€ million)	2011	2010
FAIR VALUE OF PENSION PLAN ASSETS AT 1 JANUARY	**392**	**334**
Expected return on assets	19	16
Actuarial gains/(losses) on pension fund returns	(11)	21
Employer contributions	14	13
Employee contributions	9	8
Benefits paid	(14)	(13)
Foreign exchange translation differences	13	10
Effect of changes in consolidation scope	-	-
Effect of reductions and pension scheme settlements	-	-
FAIR VALUE OF PENSION PLAN ASSETS AT 31 DECEMBER	**421**	**391**

The following are the actuarial gains and losses both in the light of experience and due to changes in actuarial assumptions:

(€ million)	2011	2010
Impact of changed assumptions	9	6
Losses/(gains) in the light of experience	11	(21)
TOTAL ACTUARIAL LOSSES/(GAINS) FOR THE FINANCIAL YEAR	**19**	**(15)**

The following is the geographical breakdown of the liabilities and assets:

(€ million)	At 31 December 2011			
	United Kingdom	**France**	**Canada**	**Total**
Present value of the liabilities	519	80	9	608
Fair value of pension scheme assets	(413)	-	(8)	(421)
Franchise Adjustment	(100)	-	-	(100)
NET PRESENT VALUE OF NET OBLIGATIONS	**6**	**80**	**1**	**87**

Benefit cost for the financial year

The cost of benefits recognised as an expense breaks down as follows:

(€ million)	2011	2010
Service cost	21	21
Interest cost	17	16
Expected return on assets	(19)	(16)
Depreciation of costs of past services	1	-
Effect of reductions and pension scheme settlements	-	-
TOTAL EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME	**19**	**21**

The service cost and the depreciation of cost of past services are recognised as staff expenses.
The interest cost on liabilities and the expected return on the pension scheme assets are recognised as financial expense and financial income respectively.

Change in the net commitment recorded as a liability in the statement of financial position

(€ million)	At 31 December 2011	At 31 December 2010
OPENING PROVISION AT 1 JANUARY	**84**	**69**
Benefit cost for the financial year	19	21
Utilisations (Benefits / Contributions paid)	(18)	(18)
Provision charged to/(reversed from) equity	19	(15)
Foreign exchange translation differences and other changes	(16)	27
CLOSING PROVISION AT 31 DECEMBER	**87**	**84**

Projected disbursements for 2012 amount to €4 million.

The cumulative changes from charges/(reversals) recognised directly in equity are as follows:

(€ million)	2011	2010
CUMULATIVE OPENING BALANCE OF PROVISIONS/ (REVERSALS)	**12**	**-**
Actuarial (gains) / losses for the year	19	(15)
Foreign exchange translation differences and other changes	(17)	27
CUMULATIVE CLOSING BALANCE OF PROVISIONS/(REVERSALS)	**14**	**12**

Other employee benefits

Description of commitments and actuarial assumptions

Other employee benefits mainly consist of long-service awards to employees working in France. These schemes are not funded by external assets (i.e. insurance policies). The obligations arising from defined benefit schemes are measured using the same methods and assumptions as for the pension schemes.

The actuarial gains and losses arising from both experience and due to changes in actuarial assumptions are immediately recognised in the statement of comprehensive income for the financial year.

Analysis of changes in pension obligations

The amount of the commitment relating to long-service awards amounted to €11 million at 31 December 2011. The cost of services, the depreciation of the cost of past service as well as the actuarial gains and losses are recognised in staff costs and amounted to €1 million in the 2011 financial year.

The reversal of the provision of €1 million represented the benefits paid during 2011.

5.15. Other employee benefits

(€ million)	At 31 December 2011	At 31 December 2010
Trade receivables: received advances and deposits	32	37
Trade payables	530	461
Payables to PPE suppliers	30	17
Payables to staff	385	361
Central government and local authorities	71	60
Deferred income	132	121
Other	76	62
TOTAL	**1,256**	**1,119**

6. OTHER COMMITMENTS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND CONTRACTUAL COMMITMENTS

(€ million)	At 31 December 2011	At 31 December 2010
Unutilised credit lines	170	3
Guarantees given to secure debt	66	359
Guarantees given for operating commitments	907	851
Securities provided	-	-
TOTAL COMMITMENTS MADE AND GUARANTEES GIVEN, EXCLUDING OPERATING LEASES	**973**	**1,210**

Path access entitlements are included in the "Guarantees given for operating commitments" at 31 December 2010 for an amount of €696 million and for €653 million at 31 December 2011.

The future minimum payments on rental contracts break down as follows:

(€ million)	At 31 December 2011	At 31 December 2010
Less than one year	281	278
One to five years	804	764
More than five years	236	232
TOTAL	**1,321**	**1,274**

Future commitments linked to leases primarily concern the rental of transport equipment and buildings. They comprise €1,016 million internationally and €305 million in France. IT equipment rental contracts are in place for immaterial values.

France
• Rental contracts
Contracts entered into on vehicles (buses and coaches) relate to average durations of 7 to 8 years.
The purchase option at the end of the contract is equal to the projected market value at the end of the lease period.

Most leases are entered into directly by the subsidiaries, with a guarantee given by Keolis S.A. to the financing bodies to continue the rental instalments in the event of the subsidiary's default or insolvency. In return, the financing body undertakes to make the vehicles available to the Group.

• Individual training entitlements:
They are estimated at a total of 2.45 million of hours for all Group employees based in France.

Outside France
We distinguish between railway contracts and bus contracts.

• Railway contracts
Railway rental contracts are entered into for the term of the ongoing franchise. They are therefore an integral part of the franchise contracts and, hence, of the economic balance brought via the subsidies granted.

Leases due in less than one year amount to €139 million.
Leases due in more than one year depend on the end date of each of the railway or similar franchises. They amount to €503 million and contribute no material information.

• Bus and coach contracts
Rental instalments outstanding on these contracts amount to €375 million.

As in France, Keolis S.A. is required to provide guarantees of rental payments on behalf of its foreign subsidiaries.

7. DISPUTES

The estimates and underlying assumptions relating to current disputes are continuously re-examined. In particular, current disputes and litigation, especially with tax administrations or relating to appeals on tenders or on warranty claims, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the measurement of assets or liabilities.

The impact of changes in accounting estimates is recognised during the period of the change where they only affect that period, or during the period of the change and subsequent periods where the latter are also affected by the change.

Risks are measured at fair value and where appropriate a provision is funded at closing (see § 5.14).

8. RELATED PARTY TRANSACTIONS

The revised IAS 24 norm, applicable from the 1st January 2011, has adapted the information to submit on transactions with the linked parts for public entities.

Keolis S.A. is wholly owned by GROUPE KEOLIS S.A.S.. 56.5% of GROUPE KEOLIS S.A.S. is owned by SNCF Participations and 40.7% by Kebexa Participations.

SNCF is a public company with an industrial and commercial activity whose capital is entirely owned by the French State

8.1. Transactions with GROUPE KEOLIS S.A.S., the SNCF and EFFIA
Transactions with GROUPE KEOLIS S.A.S. mainly correspond to general management services

Transactions with the SNCF and its subsidiaries are mainly car park rentals, and either permanent or occasional passenger transport services

Transactions with EFFIA are mainly sub-contracting services.

8.2. Transactions with joint ventures and associates
Transactions with joint ventures and associates are performed according to normal market conditions.

8.3. Remuneration of the Group's key managers
The key managers in the Group are defined as being the company officers of GROUPE KEOLIS S.A.S. and the members of the general management committee. Remuneration and other short-term benefits paid to these directors amounted to €3.4 million in 2011, compared to €3.6 million in 2010.

No directors' fees were allotted to members of the Group's management or executive committees.

There are no outstanding advances or credit facilities extended to members of the Group's management or executive committees.

9. POST BALANCE SHEET EVENTS

Keolis has become the sole shareholder of the Orléans Express Group.

10. CONSOLIDATION SCOPE

10.1. Subsidiaries

At 31 December 2011, the consolidation scope included:

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Aérobag	Le Mesnil-Amelot	451 776 702	IG	100.00%
Aérolis	Roissy CDG	501 481 915	IG	50.10%
Aéroport de Troyes Barberey	Barberey Saint Sulpice	501 642 722	IG	100.00%
Aérosat	Le Mesnil-Amelot	442 194 932	IG	85.00%
Airelle	Saint Denis	384 225 389	IG	100.00%
Athis Cars	Athis-Mons	962 201 711	IG	99.45%
Autocars Charrière Fils	Privas	308 851 781	IG	99.50%
Autocars Delion	Nanterre	339 361 164	IG	100.00%
Autocars Garrel et Navarre	Draveil	380 496 893	IG	100.00%
Autocars Planche	Arnas	403 070 154	IG	100.00%
Autocars Valenciennois	Valenciennes	775 627 102	IG	96.00%
Caennaise de Services	Caen	479 872 129	IG	100.00%
Cariane Littoral	Gravelines	339 590 937	IG	100.00%
Cars de Bordeaux	Bordeaux	309 552 578	IG	100.00%
Caron Voyages	Outreau	616 320 354	IG	100.00%
Cars et Autobus de Cassis - SCAC	Roquefort-la-Bédoule	57 808 339	IG	99.97%
Cars Planche - Cottin Prioux	Savigneux Montbrison	339 821 654	IG	100.00%
Compagnie des Transports Méditerranéens	Cannes	695 820 357	IG	99.50%
Compagnie du Blanc Argent	Paris	542 097 720	IG	99.40%
Delion Tourisme	Nanterre	398 660 159	IG	100.00%
Devillairs	Versailles	732 820 717	IG	99.91%
Easybus *	Yzeure	441 229 259	IG	100.00%
Etasse Voyages *	Carentan	338 654 015	IG	100.00%
GIE Orset	Paris	313 607 020	IG	100.00%
Institut Keolis	Paris	482 068 954	IG	100.00%
Interhône-Alpes	Saint-Priest	388 946 659	IG	100.00%
Intrabus Orly	Paray Vieille Poste	349 684 753	IG	100.00%
Jobard et Cie *	Pontarlier	335 051 074	IG	99.99%
Keolis Abbeville	Lille	692 000 482	IG	99.02%
Keolis Agen	Bon Encontre	487 875 593	IG	100.00%
Keolis Aix les Bains	Aix-Les-Bains	501 785 117	IG	100.00%
Keolis Alençon	Alençon	380 132 167	IG	100.00%
Keolis Angers	St Barthélémy d'Anjou	317 193 860	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Keolis Arles	Arles	330 457 706	IG	100.00%
Keolis Armor	Chantepie	321 840 225	IG	99.99%
Keolis Artois Gohelle	Lens	493 510 093	IG	99.99%
Keolis Atlantique	Nantes	301 941 332	IG	99.99%
Keolis Auch	Auch	353 848 559	IG	100.00%
Keolis Aude	Narbonne	348 046 210	IG	100.00%
Keolis Besançon	Besançon	572 028 702	IG	99.96%
Keolis Blois	Blois	314 927 500	IG	100.00%
Keolis Bordeaux	Bordeaux	509 752 218	IG	99.98%
Keolis Boulogne sur Mer	Lille	552 048 043	IG	100.00%
Keolis Bourgogne	Dijon	15 450 596	IG	99.00%
Keolis Brest	Brest	314 655 788	IG	100.00%
Keolis Caen	Caen	572 028 660	IG	98.80%
Keolis Cahors	Cahors	389 105 719	IG	100.00%
Keolis Calvados	Mondeville	314 328 006	IG	100.00%
Keolis Camargue	Arles	376 420 030	IG	99.97%
Keolis Centre	Saint-Doulchard	332 454 149	IG	100.00%
Keolis Chalons-en-Champagne	Châlons-en-Champagne	582 022 760	IG	97.20%
Keolis Charente Maritime	Rochefort	509 352 951	IG	95.13%
Keolis Château Thierry	Brasles	523 108 470	IG	100.00%
Keolis Chateauroux	Châteauroux	401 744 347	IG	100.00%
Keolis Châtellerault	Châtellerault	347 774 879	IG	100.00%
Keolis Chaumont	Chaumont	523 576 395	IG	100.00%
Keolis Cherbourg	Tourlaville	572 028 678	IG	99.91%
Keolis Concarneau	Concarneau	391 617 370	IG	100.00%
Keolis Conseil et Projets	Lyon	441 338 878	IG	100.00%
Keolis Dijon	Chenove	16 450 942	IG	99.16%
Keolis Drôme	Portes -les-Valence	775 573 074	IG	99.93%
Keolis Drouais	Dreux	501 674 865	IG	100.00%
Keolis Emeraude	Saint-Mâlo	303 940 340	IG	100.00%
Keolis en Cevennes	Alès	327 948 402	IG	95.10%
Keolis Epinal	Epinal	538 495 201	IG	100.00%
Keolis Eure	Evreux	543 650 535	IG	100.00%
Keolis Eure et Loire	Dreux	712 950 104	IG	99.77%
Keolis Garonne	Mazeres	304 927 320	IG	100.00%
Keolis Gascogne	Mont de Marsan	896 950 243	IG	100.00%
Keolis Gironde (ex SNCOA)	St Médard en Jalles	322 188 194	IG	100.00%
Keolis Grand Tarbes	Tarbes	393 623 939	IG	100.00%
Keolis Ille-et-Vilaine	Rennes	nc	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Keolis la Roche-sur-Yon*	La Roche-sur-Yon	382 779 692	IG	100.00%
Keolis Languedoc	Agde	343 104 444	IG	100.00%
Keolis Laval	Laval	383 943 206	IG	100.00%
Keolis Littoral	Rochefort	339 343 808	IG	100.00%
Keolis Lorient	Lorient	572 028 694	IG	99.92%
Keolis Lyon	Lyon	308 077 635	IG	99.99%
Keolis Manche	Mondeville	575 650 296	IG	100.00%
Keolis Maritime Brest	Brest	383 935 582	IG	100.00%
Keolis Maritime Lorient	Larmor - plage	501 677 322	IG	99.00%
Keolis Marmande	Paris	432 545 135	IG	100.00%
Keolis Mobilité Hauts de Seine	La Plaine Saint-Denis	519 423 131	IG	100.00%
Keolis Mobilité Roissy	Le Mesnil-Amelot	520 045 006	IG	100.00%
Keolis Montargis	Villemandeur	325 600 393	IG	100.00%
Keolis Montélimar	Montélimar	339 893 927	IG	100.00%
Keolis Montluçon	Montluçon	302 453 667	IG	100.00%
Keolis Morlaix	Saint Martin des Champs	380 331 884	IG	100.00%
Keolis Multinationale International	Paris	422 056 796	IG	100.00%
Keolis Narbonne	Narbonne	341 649 242	IG	100.00%
Keolis Nevers	Nevers	498 381 581	IG	100.00%
Keolis Obernai	Obernai	519 803 845	IG	100.00%
Keolis Oise	Senlis	527 220 982	IG	100.00%
Keolis Orléans Val de Loire	Saint Jean de Brayes	nc	IG	100.00%
Keolis Pays d'Aix	Bouc Bel Air	533 545 794	IG	100.00%
Keolis Pays de Montbéliard	Voujeaucourt	304 953 755	IG	100.00%
Keolis Pays des Volcans	Marcillat	408 366 177	IG	100.00%
Keolis Pays Normands	Carentan	441 288 800	IG	100.00%
Keolis Pays Nancéien	Bouxières aux Dames	513 010 934	IG	100.00%
Keolis PMR Rhône	Saint Priest	343 261 590	IG	100.00%
Keolis Provence	Marseille	442 140 307	IG	100.00%
Keolis Pyrénées	Ibos	722 780 517	IG	95.16%
Keolis Quimper	Quimper	334 226 974	IG	100.00%
Keolis Rennes	Rennes	340 035 526	IG	99.84%
Keolis Réseau Départemental Sud Oise	Senlis	511 281 479	IG	100.00%
Keolis Rouen Vallée de Seine	Sotteville Les Rouen	532 279 304	IG	100.00%
Keolis SA	Paris	552 111 809	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Keolis Saint-Malo	Saint Malo	490 948 163	IG	100.00%
Keolis Saintes	Saintes	322 214 073	IG	100.00%
Keolis Seine Maritime	Fécamp	345 850 531	IG	100.00%
Keolis Somme	Poix de Picardie	408 578 771	IG	100.00%
Keolis Sud Allier	Cusset	975 720 111	IG	100.00%
Keolis Sud Lorraine	Metz	343 348 694	IG	100.00%
Keolis Touriscar Ain	Bellegarde sur Valserine	351 774 625	IG	100.00%
Keolis Tourraine	Loches	394 499 628	IG	100.00%
Keolis Tours	Saint-Pierre des Corps	311 567 416	IG	100.00%
Keolis Trois Frontières	Metz	572 042 026	IG	100.00%
Keolis Urbest	Besançon	382 532 349	IG	100.00%
Keolis Val d'Oise	Bernes-sur-Oise	339 654 147	IG	100.00%
Keolis Val de Maine	St Barthélémy d'Anjou	490 838 794	IG	100.00%
Keolis Val-de-Saône	Chalon sur Saône	328 162 987	IG	99.10%
Keolis Vesoul	Vesoul	449 726 777	IG	100.00%
Keolis Vichy	Cusset	330 940 891	IG	100.00%
Keolis Voyages	Nantes	332 665 421	IG	100.00%
Keolis Yvelines	Versailles	323 161 554	IG	100.00%
Les Autobus d'Arcachon	La Teste de Buch	455 203 182	IG	100.00%
Les Bus Boiens*	Biganos	391 986 825	IG	100.00%
Les Cars du Bassin de Thau	Sète	444 312 847	IG	100.00%
Les Cars Roannais	Le Coteau	302 457 262	IG	100.00%
Les Cars Tixier	Saint Eloy Les Mines	301 896 478	IG	100.00%
Les Courriers Catalans	Perpignan	572 033 579	IG	100.00%
Les Courriers de l'Ile-de-France	Le Mesnil-Amelot	562 091 132	IG	99.99%
Les Courriers du Midi	Montpellier	572 047 215	IG	99.99%
Les transports Dunois	Dun Le Palestel	385 247 986	IG	100.00%
Loisirs et Voyages	Ambert	788 118 867	IG	100.00%
Lussiez Tourisme	Hernin	552 048 027	IG	95.04%
Millau Cars	Creissels	327 003 372	IG	99.86%
Monnet Tourisme	St Etienne de St Geoirs	997 655 600	IG	100.00%
Monts Jura Autocars	Besançon	344 148 515	IG	99.99%
Pacific Cars	La Plaine Saint-Denis	542 068 820	IG	100.00%
Prioris	La Plaine Saint-Denis	504 494 139	IG	66.00%
Réseau en Vosges	Neufchâteau	522 004 597	IG	70.00%
SA Sap Drogoul	Vence	415 750 595	IG	99.16%
SAP Cariane Provence	Vence	415 750 595	IG	99.86%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
SCAC Bagnis	Barjols	399 921 428	IG	50.98%
Setver	Draveil	303 494 181	IG	100.00%
SFD	Paris	397 080 037	IG	100.00%
Société de financement des Transports	Ménigoute	392 150 454	IG	100,00 %
(Sofitra)*	Menigoute	392 150 454	IG	100.00%
Société d'Exploitation des Transports Urbains d'Oyonnax	Oyonnax	450 675 798	IG	100.00%
Société d'exploitation de l'Aéroport de Dole Jura	Lons Le Saunier	519 108 526	IG	51.00%
Société de Construction, d'Exploitation et d'Entretien A14*	Montesson	349 887 117	IG	50.96%
Société de Gestion de l' Aéroport d'Angers-Marcé	Marcé	419 836 432	IG	100.00%
Société Départementale des Transports du Var	Hyères	639 500 602	IG	95.07%
Société de Transports et de Services Aéroportuaires	Saint Denis	333 363 539	IG	100.00%
Société des Transports Côte d'Azur Riviéra	Opio	415 850 148	IG	99.16%
Société des Transports de la Communauté Urbaine d' Arras	Arras	313 151 110	IG	99.40%
Société des Transports en Commun Nîmois	Nîmes	334 172 871	IG	100.00%
Société des Transports Robert	Martigues	329 690 671	IG	99.84%
Société d'exploitation de l'Aéroport Albert Picardie	Meaulte	497 767 525	IG	50.94%
Société d'exploitation de l'Aéroport d'Epinal Mirecourt	Epinal	519 450 100	IG	51.00%
Société Nouvelle de Transports - Comett	Marseille	692 049 596	IG	99.99%
Société pour la Mobilité à Paris - SOMAP	Paris	450 041 595	IG	100.00%
Société Rennaise de Transport et de Services (Handistar)	Chantepie	421 286 188	IG	100.00%
STA	Mennecy	314 988 619	IG	100.00%
STAC	Creil	696 480 573	IG	99.70%
Stefim	La Plaine Saint-Denis	432 371 235	IG	100.00%
SVTU	Versailles	778 151 662	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
TDM	Bourges	383 564 044	IG	100.00%
TPN Voyages*	Vichy	321 905 135	IG	100.00%
TPR	Pau	95 680 393	IG	99.99%
Train Bleu St Marcellin	Saint-Marcellin	58 501 909	IG	100.00%
Trans Val de Lys	Comines	468 501 150	IG	99.99%
Transétude	Lyon	300 938 297	IG	100.00%
Transports de la Brière	Saint Nazaire	5 780 390	IG	59.99%
Transports en Commun de la Métropole Lilloise (Transpole)	Marcq-en-Baroeul	552 048 027	IG	99.99%
Transports et Services Aérolignes	Le Mesnil-Amelot	403 485 915	IG	100.00%
Transports Evrard	Creil	696 480 516	IG	100.00%
Transports Gep Vidal	Perpignan	615 650 082	IG	99.98%
Transports Urbains de Reims	Reims	305 022 808	IG	98.48%
Transroissy	Roissy-en-France	385 301 288	IG	100.00%
Transthermal*	Bourbon-L'Archambault	308 712 884	IG	100.00%
Var Tours	Cogolin	579 502 014	IG	94.55%
Voyages Autocars Services	Romainville	324 973 163	IG	100.00%
Voyages Buchet*	Le Côteau	327 529 301	IG	100.00%
Voyages Chargelègue	Menigoute	626 920 185	IG	100.00%
Voyages Dourlens	Bruay-la-Buissière	392 354 304	IG	100.00%
Voyages Monnet	St Etienne de St Geoirs	71 502 827	IG	100.00%
VS Voyages	St Médard en Jalles	380 052 761	IG	100.00%
VTS Roissy	Le Mesnil-Amelot	483 987 913	IG	100.00%
Westeel Voyages	Sallaumines	334 630 076	IG	100.00%
Eurobahn Verkers Services Gmbh	Bielefeld	(Germany)	IG	100.00%
Keolis Deutschland Holding Gmbh	Mainz	(Germany)	IG	100,00 %
Keolis Deutschland Vervaltung Gmbh	Mainz	(Germany)	IG	100,00 %
KDR Victoria Pty Ltd	Melbourne	(Australia)	IG	51.00%
Keolis Australie	Melbourne	(Australia)	IG	100.00%
KDR Gold Coast PTY LTD	Melbourne	(Australia)	IG	51.00%
Autobus De Genval	Rixensart	(Belgium)	IG	100.00%
Autobus Dony	Borgloon	(Belgium)	IG	100.00%
Autobus Dujardin	Tournai	(Belgium)	IG	100.00%
Autobus Lienard	Chimay	(Belgium)	IG	100.00%
Belbus	Ixelles	(Belgium)	IG	100.00%
Bus Immo	Landen	(Belgium)	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Cardona-Deltenre	Nivelles	(Belgium)	IG	100.00%
Cariane Internationale Développement	Bruxelles	(Belgium)	IG	100.00%
Cintra	Ramillies-Offus	(Belgium)	IG	100.00%
Cintral	Landen	(Belgium)	IG	100.00%
Eltebe	Brugge	(Belgium)	IG	100.00%
Eurobus Holding	Vise	(Belgium)	IG	100.00%
Eurobussing Vlaanderen	Vilvoorde	(Belgium)	IG	100.00%
Eurobussing Airport	Vilvoorde	(Belgium)	IG	100.00%
Eurobussing Brussels	Nivelles	(Belgium)	IG	100.00%
Eurobussing Wallonie	Nivelles	(Belgium)	IG	100.00%
Flanders Bus	Oostende	(Belgium)	IG	100.00%
Flanders Coach Group	Sint -Andries	(Belgium)	IG	100.00%
Garage Du Perron	Petit Rechain	(Belgium)	IG	99.72%
Gino Tours	Jabbeke	(Belgium)	IG	100.00%
Heyerick	Zulte	(Belgium)	IG	100.00%
Keolis Vlaanderen	Genk	(Belgium)	IG	100.00%
L.I.M. Collard-Lambert	Malmedy	(Belgium)	IG	100.00%
Luxbus	Luxembourg	(Belgium)	IG	100.00%
N.V. Autobusbedrijf Bronckaers	Genk	(Belgium)	IG	100.00%
N.V. Autobusbedrijf Bronckaers Hamont	Genk	(Belgium)	IG	100.00%
N.V. Autobussen De Reys	Mechelen	(Belgium)	IG	100.00%
Nv Autobussen Monserez-Verhenne	Marke	(Belgium)	IG	100.00%
Nv Autocars Henri De Boeck En Reizen Andre Leloup	Bruxelles	(Belgium)	IG	100.00%
Nv De Boeck Invest	Bruxelles	(Belgium)	IG	100.00%
Ramoudt Tours	Brugge	(Belgium)	IG	100.00%
Reniers & Co		(Belgium)	IG	50.02%
S.A.D.A.R	La Calamine	(Belgium)	IG	100.00%
Sa A.B.C. Cars	Bruxelles	(Belgium)	IG	100.00%
Satracom	Waimes	(Belgium)	IG	100.00%
Sophibus	Philippeville	(Belgium)	IG	100.00%
Sprl Voyages F. Lenoir	La Louvière	(Belgium)	IG	100.00%
Sprl Taxis Melkior	Liège	(Belgium)	IG	100.00%
Sprl Truck Bus Repair (Tbr)	La Louvière	(Belgium)	IG	100.00%
T.C.M. Cars	Vise	(Belgium)	IG	100.00%
Transport Penning	Tintigny	(Belgium)	IG	100.00%

Name	Siège Social	Siren N°	Method of consolidation	% of shareholding
Voyages Nicolay	Erquelinnes	(Belgium)	IG	100.00%
Joye	Koekelaere	(Belgium)	IG	100.00%
Westhoek	Koekelaere	(Belgium)	IG	100.00%
Le Cinacien	Ciney	(Belgium)	IG	100.00%
West Belgium Coach Company	Jabbeke	(Belgium)	IG	100.00%
Groupe Orleans Express	Québec	(Canada)	IG	75.00%
Keolis Canada Inc	Montreal	(Canada)	IG	100.00%
City Trafik	Copenhague	(Denmark)	IG	100.00%
Keolis Espagne	Barcelone	(Spain)	IG	100.00%
Keolis America Inc.	Delaware	(U.S.A.)	IG	100.00%
Keolis Rail Service America	Delaware	(U.S.A.)	IG	100.00%
Keolis Rail Service Virginia	Delaware	(U.S.A.)	IG	100.00%
Keolis Transit America	Delaware	(U.S.A.)	IG	100.00%
Fjord 1Partner AS	Floro	(Norway)	IG	51.00%
Keolis Nederland	Amsterdam	(Nederlands)	IG	100.00%
Keolis UK	Londres	(United Kingdom)	IG	100.00%
Nottingham Trams Ltd	Londres	(United Kingdom)	IG	80.00%
Citypendeln	Stockholm	(Sweden)	IG	100.00%
CSG Commuter Security	Stockholm	(Sweden)	IG	100.00%
Keolis Nordic	Stockholm	(Sweden)	IG	100.00%
Keolis Sverige AB	Stockholm	(Sweden)	IG	100.00%

10.2. Joint Ventures

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Compagnie des Transports Collectifs de l'Ouest Parisien	Carrière-sous-Poissy	411 861 834	IP	50.00%
Orgebus	Brétigny sur Orge	382 761 104	IP	49.72%
Société de Transport de l'agglomération de Chauny	Chauny	414 072 462	IP	50.00%
Trans Pistes	Vitrolles	434 644 969	IP	40.00%
Transévry	Bondoufle	303 775 175	IP	39.42%
Slivia	Montréal	(Canada)	IP	40.00%
Syntus BV	Doetinchem	(Nederlands)	IP	50.00%
First Keolis Holding Limited	Londres	(United Kingdom)	IP	45.00%
First Keolis Transpennine Holding Limited	Londres	(United Kingdom)	IP	45.00%
First Keolis Transpennine Limited	Londres	(United Kingdom)	IP	45.00%
Govia	Newcastle	(United Kingdom)	IP	35.00%
London & south Eastern Railway - Kent	Kent	(United Kingdom)	IP	35.00%
New Southern Railway	Newcastle	(United Kingdom)	IP	35.00%
London Midland	Birmingham	(United Kingdom)	IP	35.00%
Thameslink	New Castle	(United Kingdom)	IP	35.00%
Southern Railway	Newcastle	(United Kingdom)	IP	35.00%

10.3. Associates

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Passerelle CDG	Tremblay en France	501 480 255	ME	34.00%
SCODEC	Cerizay	322 750 415	ME	34.99%
Transports Intercommunaux Centre Essonne (TICE)	Evry	343 077 095	ME	18.75%
NETLOG	Neubranddenburg	(Germany)	ME	33.00%
PROMETRO	Porto	(Portugal)	ME	20.00%
Transports de l'agglomération de Metz Métropole	Metz	nc	ME	40.00%

* : companies removed from the consolidation scope.

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the group's management report and in the document addressed to shareholders.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Report on the Consolidated Financial Statements

(For the year ended December 31, 2011)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Keolis;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENT

The accounting estimates used in the preparation of the consolidated financial statements were made in an uncertain environment resulting from the public finance crisis in several eurozone countries. This crisis is accompanied by an economic and liquidity crisis, which renders the comprehension of the economic outlook difficult. These conditions are described in note 2.3 to the consolidated financial statements. Such is the context in which, in accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Keolis carries out impairment tests on goodwill and indefinite life assets and also assesses whether there is any indication of impairment on non-current assets, as described in note 2.4.9 of the consolidated financial statements. We have examined the methods used to carry out this impairment test as well as the corresponding cash flow forecasts and assumptions, and have verified that the notes to the consolidated financial statements provide appropriate disclosures.
- Note 2.4.18 specifies the valuation methods for provisions for pensions and other employee benefits. An evaluation of these provisions was carried out by independent actuaries. Our work consisted in examining the data and assumptions used and verifying that note 5.14 to the consolidated financial statements provides appropriate disclosures.
- Note 2.4.18 specifies the methods used to take into account the risks relating to ongoing litigation and operating contracts. Our work consisted in examining the procedures used by the Company to identify and assess these risks and the accounting treatment applied and in assessing the resulting estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

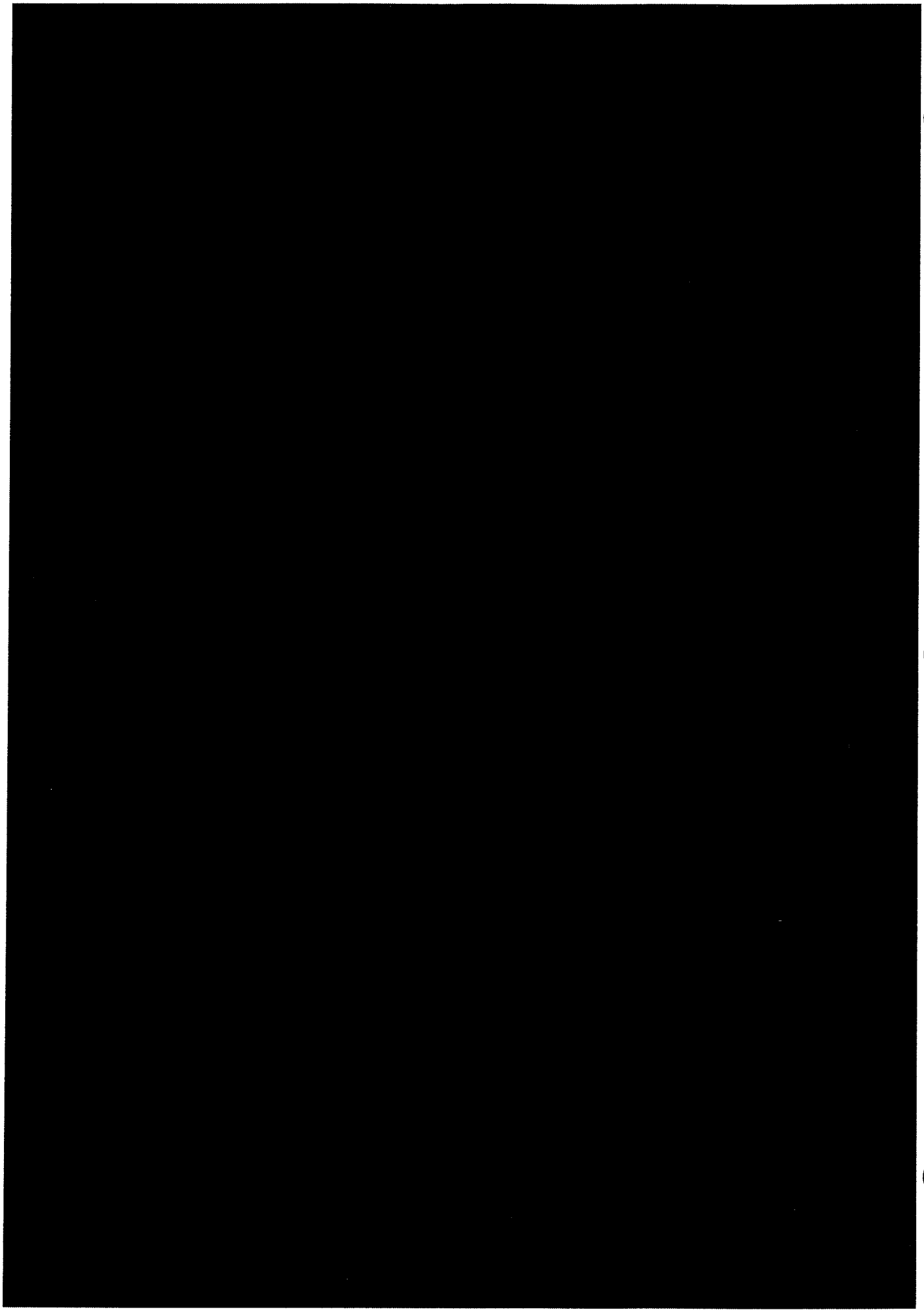
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, 5th March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier-Bel

Deloitte & Associés
Bertrand Boisselier



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A. Annual financial statements at 31 December 2011

1. BALANCE SHEET AT 31 DECEMBER 2011

		31/12/2011			31/12/2010
		Gross	Depreciation - Provision	31/12/2011	Net
(in euros)					
ASSETS					
INTANGIBLE ASSETS					
Preliminary expenses		-	-	-	-
Development costs		-	-	-	-
Concessions, patents and related rights		29,242,020	16,305,749	12,936,271	3,455,325
Goodwill		24,871,229	17,015,018	7,856,211	7,856,211
Other intangible assets		6,929,221	-	6,929,221	12,319,606
Advances, down payments for intangible assets		-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land		7,826,450	1,510,399	6,316,051	5,945,731
Buidings		8,984,803	5,418,951	3,565,851	3,572,625
Technical facilities, equipment, machinery		4,214,954	2,439,826	1,775,128	1,276,224
Other property, plant and equipment		3,862,075	2,805,598	1,056,477	874,500
PPE under construction		12,472,483	-	12,472,483	9,788,714
Advances and down payments		-	-	-	-
NON-CURRENT FINANCIAL ASSETS (1)					
Shareholdings under the equity method		-	-	-	-
Other shareholdings		499,729,536	85,201,877	414,527,659	383,119,802
Receivables from shareholdings		136,978,223	23,332,014	113,646,209	94,072,204
Other long-term investments		188,361	-	188,361	150,249
Loans		981,212	42,340	938,872	954,554
Other non-current financial assets		937,151	-	937,151	890,382
TOTAL CAPITAL ASSETS	**(I)**	**737,217,719**	**154,071,773**	**583,145,946**	**524,276,126**
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies		-	-	-	-
Production in progress (goods)		-	-	-	-
Production in progress (services)		-	-	-	-
Semi-finished and finished goods		-	-	-	-
Goods		1,473	-	1,473	2,041
Advances and down payments on orders		-	-	-	-
TRADE RECEIVABLES					
Trade receivables and accounts receivable		31,707,730	342,301	31,365,429	38,269,972
Other receivables		109,235,867	34,752,422	74,483,445	56,863,999
Subscribed called non paid-up capital		-	-	-	-
MISCELLANEOUS					
Marketable securities held for trading		58,897,818	30	58,897,788	95,527,646
Cash		47,702,344	-	47,702,344	20,081,291
ACCRUALS					
Prepaid expenses		260,876	-	260,876	1,027,225
TOTAL CURRENT ASSETS	**(II)**	**247,806,107**	**35,094,753**	**212,711,354**	**211,772,174**
Unrealised losses on foreign exchange transactions	(III)	4,681,985	-	4,681,985	4,978,326
TOTAL ASSETS	**(I TO III)**	**989,705,811**	**189,166,526**	**800,539,285**	**741,026,626**
(1) Including under one year				1,645,147	2,247,648

(in euros) LIABILITIES		31/12/2011	31/12/2010
EQUITY			
Share capital or individual capital		46,851,276	46,851,276
Additional paid-in capital		-	-
Revaluation reserves		1,845,363	1,845,363
Legal Reserve		4,685,128	4,685,128
Statutory or contractual reserves		-	-
Regulated reserves		-	-
Other reserves		1,416,059	56,232
Retained earnings brought forward		-	-
NET PROFIT/(LOSS) FOR THE YEAR		**45,477,141**	20,490,765
Investment grants		-	-
Regulated provisions		1,223,004	1,006,185
TOTAL EQUITY	(I)	**101,497,971**	**74,934,949**
CONTINGENCY AND LOSS PROVISIONS			
Contingency provisions		46,708,478	49,402,091
Loss provisions		1,743,547	1,801,452
TOTAL CONTINGENCY AND LOSS PROVISIONS	(II)	**48,452,025**	**51,203,543**
LIABILITIES[1]			
Bank borrowings[2]		131,459,112	127,240,156
Other borrowings (including participative loans)		79,451,480	78,275,065
Customer advances and down payments		39,067	-
Trade notes and accounts payable		18,274,802	19,012,885
Tax and welfare payments		43,223,035	45,873,848
Fixed asset liabilities and related accounts		2,842,322	1,744,426
Others		362,437,813	335,033,843
ACCRUALS			
Deferred income		4,226,070	-
TOTAL LIABILITIES AND ACCRUALS	(III)	**641,953,701**	**607,180,224**
Unrealized gains on foreign exchange transactions	(IV)	8,635,589	7,707,911
TOTAL LIABILITIES	(I TO IV)	**800,539,285**	**741,026,626**

(1) Liabilities and deferred income less than 1 year	464 134 410	429 567 016
(2) Overdrafts (short-term borrowings for cash requirements) and bank credit balances of which:	131 419 453	127 240 155
- amounts payable after one year	100 000 000	100 000 000
- amounts due within one year	31 419 453	27 240 155

2. INCOME STATEMENT AT 31 DECEMBER 2011

(in euros)		31/12/2011	31/12/2010
OPERATING INCOME			
Sales of goods		-	-
Sales of manufactures		156,170,734	155,223,584
NET REVENUE		**156,170,734**	155,223,584
Production held as inventory		-	-
Capitalized production		924,825	1,131,905
Operating grants		-	-
Reversal of depreciation, provision and expense transfers		1,594,564	3,360,988
Other income		8 632,144	2,323,142
TOTAL OPERATING INCOME	(I)	**167,322,267**	**162,039,619**
OPERATING EXPENSES			
Stock purchases (including customs duties)		-	-
Change in inventory of goods		-	-
Purchase raw materials, other supplies (including customs duties)		-	873,697
Change in inventory purchases (raw materials and supplies)		569	-
Other purchases and operating expenses		48,020,339	41,620,196
Taxes and similars charges		6,467,097	7,172,156
Wages and salaries		72,169,782	74,251,465
Welfare contributions		33,067,714	34,694,636
Operating allowances			
On capital/Fixed assets:	- depreciation expense	5,737,412	2,806,489
	- charge to provisions	-	-
On current assets: charge to provisions		360,775	223,255
For contingency and loss provision: charge to provisions		970,177	789,198
Other charges		207,855	2,120,272
TOTAL OPERATING EXPENSES	(II)	**167,001,720**	**164,551,364**
OPERATING PROFIT/(LOSS)	(I - II)	**320,548**	**(2,511,744)**
NET GAINS (LOSSES) FROM JOINT VENTURES			
Attributed profit or transferred loss	(III)	12,021,693	10,937,572
Loss borne or transferred profit	(IV)	1,269,476	3,680,372

(en euros)		2011	2010
FINANCIAL INCOME			
Financial income from shareholdings		60,628,294	67,789,446
Other marketable securities and receivables from capitalized assets		-	-
Other similar interest and income		1,580,869	1,444,700
Reversal of provisions charged and expense transfers		38,537,471	23,258,998
Foreign exchange gains		5,856,656	8,744,087
Net gains on sales of marketable securities		959,077	517,622
TOTAL FINANCIAL INCOME	(V)	**107,562,367**	**101,754, 853**
FINANCIAL EXPENSES			
Depreciation and provisions		22,611,175	61,260,802
Interest and similar expenses		19,435,534	9,915,905
Foreign exchange losses		5,499,594	11, 376,258
Net expenses on sales of marketable securities		-	-
TOTAL FINANCIAL EXPENSES	(VI)	**47,546,302**	**82,552,965**
FINANCIAL INCOME/EXPENSES	(V - VI)	**60,016,065**	**19,201,887**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	(I - II + III - IV + V - VI)	**71,088,830**	**23,947,344**
EXCEPTIONAL GAINS			
Exceptional gains on operations		240,447	25,148
Exceptional gains on equity transactions		3,014,795	2,071,208
Reversal of provisions charged and expense transfers		5,641,688	1,842,073
TOTAL EXCEPTIONAL GAINS	(VII)	**8,896,930**	3,938,428
EXCEPTIONAL LOSSES			
Exceptional losses on operations		28,295,085	2,285,578
Exceptional losses on equity transactions		2,916,906	418,309
Depreciation and provisions		2,098,751	5,018,573
TOTAL EXCEPTIONAL LOSSES	(VIII)	**33,310,741**	**7,722,460**
EXCEPTIONAL INCOME/(LOSS)	(VII - VIII)	**(24,413,811)**	**(3,784,031)**
Employee profit-sharing	IX	-	-
Corporate income tax	X	1,197,877	(327,452)
TOTAL INCOME	(I + III + V + VII)	**295,803,258**	**278,670,472**
TOTAL LOSSES	(II + IV + VI + VIII + IX + X)	**250,326,116**	**258,179,707**
NET PROFIT/(LOSS)		**45,477,141**	**20,490,765**

B. Notes to the annual financial statements

1. HIGHLIGHT OF THE FINANCIAL YEAR

Acquisitions

- **USA:** acquisition on 29 November of Tectrans Inc. (now known as Keolis Transit America), a public road transport operator based in California (urban and suburban transport, transport of disabled persons, shuttles to the airports ...) carrying on business California, Florida and the state of Virginia. This transaction was financed by a capital increase of Keolis America, subscribed by Keolis S.A. for a total of €27 043 K.
- **Belgium:**
  - Keolis S.A. purchased from EBH 9999 shares held in self control by EBH for €12 766 K.
  - EBH acquired three companies in September (Joye, Westhoeck, and Le Cinacien) operating in school transportation and over regular routes.
- **Canada :** acquisition in February of assets and operating rights on routes between Montreal and Thetford Mines of the company Autobus Drummondville Limitée.

Tenders

Abroad:

- **Australia :** gain with the GoldLinQ consortium's contract for public private partnership (PPP) of the future tramway Gold Coast. The construction works have begun, for entry into service in June 2014 and an operations until 2029.
- **UK:**
  - Gain with the Tramlink Nottingham Limited consortium, of the contract for public-private partnership of the Nottingham tramway of 22 ½ years. The contract provides for the takeover of the existing network, and investment in, the construction and operation of two new tram lines;
  - received approval for two-year extension of the franchise LSER (March 2012 - March 2014);
  - extension of the English franchise TransPennine for 3 years, until April 2015. In addition, FTPE, the UK rail operator jointly owned by First Group and Keolis, will make use of the newly electrified railway between Liverpool and Manchester, between December 2013 and May 2014 when a dozen new electric trains will be introduced to the network with a direct impact of reduced journey times for travelers.
  - an extension of the Southern franchise until July 2015. To ensure the future operation of the Franchise, Southern placed an order for Bombardier trains worth £188 million deliverable by 31 December 2013.
- **Scandinavia :**
  - E19 contract startup (a bus network operation in Stockholm) and an urban bus network in Jönköping for a period of 7 years;
  - partial renewal of MOVIA A8 contract (operation of lines in Copenhagen) for a period of 12 years
- **Holland:** gain of multimodal Zho/Twente tender. Startup is expected in December 2013.
- **Germany:** renewal of the contract to operate the regional rail network linking the East Westphalia-Lippe in Bielefeld in Münster. The contract period of 12 years is accompanied by an extension of the rail network to a total of 2.2 million train km per year. The commencement of operations will take place in December 2013.

In France:

- **Orléans :** Keolis won the contract to operate the urban transport network of the agglomeration of Orléans for a period of 7 years from 1st January 2012.
- **Aix:** the Community of Aix has chosen Keolis Group to provide the operation of its transportation network "Aix en Bus" from 1st January 2012 for a period of eight years.
- **Metz:** gain of the contract for Public Service Delegation by Keolis for the operation of the urban transport network of the town of Metz. This contract is for 12 years starting on 1st January 2012. It will be implemented by a mixed economy company (SEM).
- **Epinal:** the Intercommunal Syndicate of Transportation for the Épinal Agglomeration (Sitas) has unanimously chosen to entrust Keolis with the delegation of public service on urban transport in its territory. The contract will begin on 1st January 2012 for a period of eight years.
- **Ile-de-France :** the Urban Creil Community (CAC) has renewed its confidence in Keolis for the operation of its urban network. This contract of public service concession of 8 years began on 1 July 2011.
- **Normandy:** Keolis is strengthening school buses in Calvados. The Group has been selected to operate 12 lines after the call for tenders for the management of school transportation of the General Council of Calvados. The contract began on September 5th for a duration of eight years.
- **Brittany :** gain of the school transport market of the General Council of Ile-et-Vilaine.
- **Biscay Ocean:** renewal of contracts in Tarbes for a period of 7 ½ years and Marmande for a period of eight years from 1st September 2011.
- **Greater East:**
  - Keolis takes root in Aube: after the call for tenders relating to the Scheme of regular interurban lines of the General Council of Aube, Keolis won the axis of Bar sur Aube - Troyes, composed of 6 regular lines;
  - Keolis has been renewed for the operation of the urban network of Pontarlier from 1st September 2011 for a period of six years.

Debt renegotiation

The Group has obtained the unanimous agreement of banks enabling it to extend the maturity of the syndicated loan to May 2014.

Subsidy granted

Following the entry into force of new regulations on the conditions of practice, which strengthens the conditions for the financial capacity of public transport companies, the Board of Keolis S.A. issued, on 20/12/2011, the following grants to its subsidiaries, for a total of €25 437 K, accounted for in exceptional expenses on management operations". "These grants are subject to a clause of return to better fortune.

(in euros)

Designation of subsidaries	Grants
Cariane Littoral	1,080,000
Keolis Montluçon	162,650
Compagnie de Transp. Méditerranéens	425,000
Keolis Aude	1,339,000
Keolis Narbonne	497,424
Millau Cars	1,597,473
Keolis Provence	989,783
Keolis Pays Normands	122,788
Keolis Centre	1,097,218
TDM	110,354
Transports Dunois	207,534
Keolis Brest	80,985
Keolis Maritime Brest	337,947
Keolis en Cévennes	146,178
STC Nîmois	253,786
Keolis Bordeaux	3,200,000
Keolis Saint-Malo	314,960
Keolis Touraine	1,182,000
Keolis Tours	310,381
Train Bleu St-Marcellin	442,253
Keolis Manche	590,024
Keolis Cherbourg	28,872
Cariane Est/Keolis Sud Lorraine	1,362,000
Keolis Pays Nancéien	687,103
Keolis Nevers	62,220
Transports Évrard	860,586
Keolis Réseau départemental Sud-Oise	34,651
Caron voyages	613,404
Voyages Dourlens	246,180
Westeel voyages	590,000
Cars Tixier	1,000,656
Keolis Obernai	8,366
Keolis PMR Rhône	875,718
Keolis Vesoul	21,776
Keolis Val de Saône	308,912
Keolis Aix-les-Bains	731,139
Transroissy	1,000,000
Keolis Mobilité Roissy	24,139
Voyages Chargelègue	1,073,391
Keolis Somme	219,967
Voyages Autocars Services - VAS	1,200,000
TOTAL	**25,436,818**

Merger / transfer of assets

In the course of the year, Keolis S.A. absorbed the following companies:

- Etasse Voyages on 28/02/2011,
- Transports Urbains de Reims on 29/03/2011,
- SOFITRA on 30/11/2011,
- La Roche-sur-Yon on 30/11/2011.

These operations have resulted in a merger deficit of 6300 k €, recorded in net financial income, including:

- SOFITRA : €- 4 603 K,
- Transports Urbains de Reims : €- 1,607 K.

2. ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with rules laid down by the general chart of accounts and principles generally accepted in the profession.

General conventions were applied in compliance with the precautionary principle, in accordance with the basic assumptions of:

- continuity of operations ;
- consistency of accounting methods from one year to another;
- independance of financial years.

The basic policy used to value the items in the accounts is the historical costs method.

No waiver or change in method has affected the financial statements.

The main accounting policies used are described below:
Tangible and intangible assets are valued either at cost of acquisition, or when produced their production cost or revalued according to their legal requirements.

2.1. Intangible assets

Goodwill
Negative goodwill consisting of unrealised capital gains on contributed assets net of unrecognised liabilities (deferred tax) is not amortized.
At the year end, an impairment loss is recorded when the value in use determined on the basis of a range of valuation methods (DCF, revalued net position) is less than the acquisition value of goodwill . The goodwill is grouped with other assets to determine its utility value as part of impairment testing.

Other intangible assets
This item mainly concerns the cost of systems software acquired which is amortized over 5 years for IT projects and 3 years for desktop software.
Intangible assets in progress correspond to expenditure in connection with the implementation of two projects:
- the implementation of a tracking tool for the payroll;
- the establishment of a tool for supply management and inventory tracking and rentals related to the new financial information system.

and therefore include all expenses that can be directly attributed to these projects and which are necessary in creating, producing and preparing the asset in order to be able to function with the use intended by management.

2.2. Tangible assets

Tangible assets are valued at their acquisition cost (purchase price and incidental expenses) or their production cost.

Modes and depreciation periods are:

	DURATION	MODE
Construction	15 to 20 years	Linear
Materials and tools	5 to 10 years	Linear
Furniture and office equipment	5 to 10 years	Linear
Automotive material:		
• New Vehicles		
- Commercial vehicles (-3.5t of P.T.C.)	5 years	Linear
- Coaches and buses	10 to 15 years	Linear
• Used Vehicles	2 to 14 years	Linear

Financial assets
Equity and other investments
Equity investments are recorded at acquisition cost. If the acquisition value is greater than the inventory value, an impairment is recognised for the difference. For each of the holdings, the inventory value is determined on the basis of a range of valuation methods (DCF, revalued net position).
Other financial assets are stated at their acquisition cost. Where applicable, an impairment is recorded if their utility value falls below their acquisition cost.

Receivables related to equity and current accounts
Receivables related to equity and current accounts are recorded at nominal value.
When equities are fully depreciated and the net assets of the subsidiary is negative, an impairment of all receivables related to equity and current accounts is recorded due to the risk of loss of these receivables in respect of transfer or stopping the activities of the subsidiary.

Information on receivables and payables
Receivables are recorded at their nominal value.
Where applicable, an impairment is recognised where there is a likelihood of non-recovery.
Receivables and payables in foreign currencies are converted at the year end, the difference resulting from this update appearing in "foreign currency translation". The unrealised foreign exchange losses are subject to a provision for liabilities, the unrealised foreign exchange gains are not recorded in the profit and loss account.
As at 31 December 2011, the amount of currency translation assets/liabilities amounted respectively to 4,682 and €8,636 K.

2.3. Marketable securities

These are recorded at their acquisition cost. Where applicable, an impairment loss is recognised for each line of securities of a similar nature, in order to bring their value to the average share price over the last month or their probable trading value for unlisted securities. The market value of marketable securities on 31 December 2011 was €22,803 K.

Term deposits and certificates were recorded at their acquisition cost for respectively € 26,101 K and €10,000 K as of 31 December 2011.

2.4. Cash

Cash in foreign currencies are converted at the year end, the difference resulting from this revision appearing in the profit and loss statement, in foreign exchange loss or gain on exchange.

2.5. Employee benefits

Employee benefits include retirement severance and bonuses.
Evaluations of these obligations are carried out annually using the projected unit credit method.

The main assumptions used for the assessment of employee benefits are:

• Discount rate	3,80%
• Inflation rate expected in long-term	2,00%
• Rate of salary increases	

	Executive	Non executive
Under 30 years	8.00%	4.00%
From 30 to 35 years inclusive	6.00%	4.00%
From 35 to 40 years exclusive	6.00%	3.50%
From 40 to 50 years exclusive	4.00%	3.50%
50 years or more	2.00%	3.50%

• Type of retirement	At the initiative of the employee
• Mortality Table	INSEE TD/TV 2007 - 2009

Retirement benefits
The retirement benefits on 31st December amounted to €4,554 K.
This amount was not accrued in the accounts and was included in financial commitments.

Bonuses
The amount provided in the financial statements in respect of service bonuses amounted € 407 K on 31st December 2011

2.6. Provisions for risks and expenses

Provisions for litigation
Provisions for litigation cover all risks and losses deemed probable relating to litigation of all kinds that Keolis S.A. found in the conduct of its business. The evaluation of these provisions requires the use of such assessments as specified in Note 3 below.

Provisions for risks affiliates
When the situation of subsidiaries may require committing Keolis S.A. beyond the capital and advances, a provision for risks and liabilities is established.

2.7. Results of joint ventures

The results of joint ventures in which Keolis holds an interest are recorded under "share of profit from joint ventures."

2.8. Tax status

The results of the company are integrated within the framework of a tax group The group's tax parent company is the company GROUPE KEOLIS S.A.S.. The agreement provides that the Company calculates income tax expense as if it were taxed separately.
The tax group agreement requires the parent to return to the subsidiaries tax savings gained from the use of their losses, recognised in income, as soon as the subsidiaries start generating profits.

3. USE OF ASSESSMENTS FOR THE PREPARATION OF FINANCIAL STATEMENTS

For the preparation of annual accounts Keolis S.A. management may be required to make estimates and assumptions that affect the book value of assets and liabilities, revenues and expenses as well as information on assets and liabilities. Actual results could differ materially from these estimates.

The estimates and underlying assumptions are made from past experience and other factors considered reasonable in the circumstances. They serve as the basis for the exercise of judgment required in determining the carrying amounts of assets and liabilities that can not be obtained directly from other sources. Actual values may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. In particular, disputes and litigation in progress or with employees, that have been subject to review by the management with their advisers or lawyers in order to reflect the risk on the valuation of assets or liabilities.

The impact of changes in accounting estimates is recorded during the period of change if it affects only that period or during the period of change and future periods if they are also affected by the change.

4. FINANCIAL INSTRUMENTS

At the year end, unrealized gains are not recognised. Unrealized losses are accounted for except when they relate to instruments entered into one of the following two cases:

- to hedge underlying assets, the present in balance sheet and which have not been reassessed;
- to hedge future cash flows expected in the next year, under the principle of attachment to the current year.

The outcome, gains received and losses disbursed are reported in the profit and loss statement together with the income and expenses on the hedged item.
All hedging transactions on exchange risk, interest rate and commodity, are treated with banking counterparties of first class category. Accordingly, counterparty risk can be considered negligible.

Interest rate risks
Keolis S.A. has contracted on 30th September 2010 a syndicated bullet loan with Crédit Agricole regional banks, maturing 30th September 2015, for a value of € 100 million divided into part A € 87.5 million and part B € 12, 5 million. For part A, initially at a fixed rate of 2.85%, there are two associated interest rate swaps between Keolis S.A. and CA-CIB, which will result in decreasing the fixed rate by 7 base points, to 2.78%.
For part B, initially at a floating rate, there are two associated interest rate swaps between Keolis S.A. and CA-CIB, which will result in bringing part B to a fixed rate financing at 2.88%.

The distributions of Keolis S.A. debt between fixed and variable rates, excluding the derivatives portfolio and then with the derivatives portfolio are:

Distributions excluding derivatives (in € million)	On 31 December 2011	On 31 December 2010
Variable rates	12.5	12.5
Fixed rates	87.5	87.5

Distributions including derivatives (in € million)	On 31 December 2011	On 31 December 2010
Variable rates	-	-
Fixed rates	100	100

Currency risk
Currency risk on loans and inter-company borrowing of significant amounts in foreign currency is hedged in order to fix the exchange rate.

These loans and borrowings are revalued on the closing date to the closing price. The revaluation differences, positive or negative, are recorded as financial income. Symmetrically, the variation in value of these instruments subscribed to cover loans and inter-company borrowing is recorded in financial income. The derivatives used are described in Trading.

Hedges of inter-company loans, in progress at 31 December 2011 are as follows:

- Forward Dealer Swaps for an aggregate nominal amount of 19.5 M AUD, with maturities in 2012
- Forward Dealer Swaps for an aggregate nominal amount of 1.5 M CAD, with maturities in 2012
- Forward Dealer Swaps for an aggregate nominal amount of 150.0 M SEK, with maturities in 2012
- Forward Dealer Swaps for an aggregate nominal amount of 29.8 M AUD, with maturities in 2012

- Forward Buyer Swaps for an aggregate nominal amount of 20.3 M GBP, with maturities in 2012

Hedges are made up of firm standard and liquid instruments:
- forward purchases and sales;
- swaps.

Commodity risk

As part of its business, the Group must buy large quantities of fuel.

The risk on the price of energy is covered by the contractual indexation terms Keolis and its subsidiaries have signed with their clients. For about half of its purchases, Keolis bears the risk until the increases are actually passed to its customers. This period of impact is usually only a few months, up to twenty-four months maximum. The management objective is to defend the price indexed in contracts. A hedging policy has been implemented since 2005 on this exposure rolling over time.

A specific case concerns the contract of Keolis Lyon which was renewed on 1st January 2011. This contract takes as a starting point, for the year 2011, the assumption of fixed diesel prices in 2010 and the annual indexation will occur for the first time in 2012. Consequently the Group has set up hedges covering the year 2011, to hedge the risk of changing fuel prices on consumption volumes corresponding to six years of the contract. As at 31st December 2011, these hedges have expired and settled in full.

Hedges are made up of firm instruments and options:

On commodity risk, the group uses standard and liquid hedging instruments, namely:
- swaps;
- purchases of simple options;
- sales of options associated with the purchase of options to form symmetric or asymmetric collars;
- barrier options on a proportion of the underlying limited to 20%.

Sales of dry options are only used to resolve the purchase of existing options.

Hedges of diesel taken by Keolis S.A. on behalf of Keolis group (France perimeter excluding Keolis Lyon), in progress as of 31st December 2011 are as follows:
- swaps buyers for a nominal volume of 14,400 metric tons, of which 6,600 tons maturing in 2012 and 7 800 tonnes maturing in 2013;
- collars composed of caps purchases and sales of floors, for a nominal volume of 18,750 metric tons, including 11,550 maturing in 2012 and 7,200 maturing in 2013;
- sales of floors for a nominal volume of 14,750 tons, 9,350 maturing in 2012 and 5,400 maturing in 2013;
- purchases of floors (floors redemptions sold) for a nominal volume of 3,600 tons, maturing in 2012.

There are no diesel hedges on behalf of Keolis Lyon as of 31st December 2011.

5. NOTES ON THE BALANCE SHEET

5.1. Fixed assets

Gross values

(In € thousand)		Gross value at Year start	Increases	Decreases	Gross value at Year end
Intangible assets					
Concessions, patents, licences		15,087	14,155	-	29,242
Goodwill		24,871	-	-	24,871
Other intangible assets		12,320	5,084	10,475	6,929
Tangible assets					
Land		7,427	445	46	7,826
Construction	- on own land	5,468	2,090	1,874	5,684
	- on other land	1,219	969	933	1,254
	- general install.s	2,047	-	-	2,047
Plant, equipment, tools		3,479	736	-	4,215
Computer and office equipment, furniture		3,208	654	-	3,862
Tangible assets in progress		9,789	2,684	-	12,472
Financial assets					
Holdings		582,245	102,678[1]	48,216[2]	636,708
Other fixed		150	38	-	188
Loans and other financial assets		1,883	47	11	1,918
GENERAL TOTAL		**669,193**	**129,579**	**61,555**	**737,217**

(1) Including 2,478 K € of foreign currency translation receivables from equity.
(2) Including 6,208 K € from sales of securities related to the transmission of assets.

Intangible assets
Intangible assets include in particular goodwill for a 24 871 K €, consisting of technical deficits relating to equities of Keolis Sud Allier for €17 005 K and group companies Ernest Planche for € 7,807 K.

Intangible assets in progress focus primarily on the design, development and deployment of supply management module and inventory tracking and leases of the Group's ERP and management software of payroll carried out by the dedicated teams internally and externally.
The assets under construction focus primarily on building construction.

Transport equipment
Investments in road passenger transport equipment are made by subsidiaries or funding bodies.

Shares
The major increases for the year from purchase, creation of companies, securities exchanges and capital increases are:

- Keolis America: €27,043 K
- Eurobus Holding: €12,766K

The major decreases in the year from sales, liquidations, cancellation of earn out (additional price) are:
- SOFITRA: €4,106K
- Transports Urbains de Reims: €2,911 K

Receivables related to equity
The major increases for the year are:
- Keolis America: €21,323 K
- Keolis Nordic: €14,598K
- Keolis Canada: €1,135 K

The main decrease of the year:
- Transpole: €12,196 K

Amortisation

(In € thousand)		Amortisation at year start	Increases	Decreases	Amortisation at year end
Intangible Assets					
Intangible Assets		11,641	4,674	-	16,315
Tangible Assets					
Land		1,428	29	-	1,457
Construction	- on own land	2,680	186	68	2,798
	- on others land	681	59	-	740
	- general installations	1,800	81	-	1,881
Plant, equipment, tools		2,078	362	-	2,440
Other Tangible Assets	- office mat.s	2,458	347	-	2,805
TOTAL		22,767	5,738	68	28,437

5.2. Receivables

(In € thousand)	Amount gross	Up to one year	One year and more
Fixed Assets			
Receivables related to equity	136,978	1,645	135,333
Loans	981	-	981
Other financial assets	937	-	937
Current assets			
Trade receivables and related accounts	31,708	31,242	466
Other receivables[1]	109,236	109,236	-
Deferred charges	261	261	-
TOTAL	**280,101**	**142,384**	**137,717**

(1) Other receivables: these include current accounts for €88,728 K and profit shares receivable from joint ventures for €11,868 K.

Details of accrued income until 31 December 2011

Accrued income (In € thousand)	
Accrued interest on advances and current accounts	2,415
Dividends receivable	11
Client invoices to send	17,665
Accrued income on Royalty	1,168
Tax receivables	2,385
Assets receivable and other receivables	72

5.3. Details of expenses and deferred income

Details of prepaid expenses up to 31 December 2011
(In € thousand)
- Diesel SWAP: 75
- Rental: 172
- Others 14

Details of deferred revenues up to 31 December 2011
(In € thousand)
- Diesel SWAP: 4,226

5.4. Capital

(In € thousand)	Amount on 31/12/2010	Distributions 2011	Profit 31/12/2011	Other variations	Amount on 31/12/2011
Capital	46,851	-	-	-	46,851
Share issue, merger and contribution	-	-	-	-	-
Revaluation difference	1,845	-	-	-	1,845
Legal Reserve	4,685	-	-	-	4,685
Other reserves	56	1,360	-	-	1,416
Balance carried forward	-	-	-	-	-
Profit for the year	20,491	(20,491)	45 477	-	45,477
Regulated provisions	1,006	-	-	216	1,223
TOTAL	**74,934**	**(19,131)**	**45,477**	**216**	**101,497**
Distributed Dividends	(19,236)				(19,131)

The General Meeting of 10.06.11 has affected the result of fiscal year 2010 amounting to €20,490,764.72 as follows:

Profit for the year	€20,490, 764.72
Previous reports	-
DISTRIBUTABLE PROFIT	**€20,490,764.72**
Other reserves	€56,231.82
TOTAL	**€20,546,996.54**
Distribution of dividends	€19,130,937.70
Other reserves	€1,146,058.84

Capital

As of 31 December 2011, capital is fixed at the sum of €46,851,276 divided into 3,904,273 shares of par value of €12.

Regulated provisions

Regulated provisions include €825,430 for depreciation, including €216,819 with endowed for the year.

5.5. Provisions

A provision for risks and charges is recorded when the company has a legal or constructive obligation with respect to third parties arising from a past event, the amount can be estimated reliably enough and it is probable that the termination will lead to an outflow of resources.

(In € thousand)	Amount at Year start	Increase	Decrease	Amount at year end
Regulated Provisions	1,006	217	-	1,223
Provisions for risks affiliates	44,137	2,563	1,303	45,397
Provisions for litigation	6,665	2,244	6,372	2,537
Provisions for exchange losses	35	111	35	111
Provisions for bonuses	367	87	47	407
Asset depreciation				
Goodwill	17,006	-	-	17,006
Land	54	-	-	54
Depreciation of equity	81,428	14,034	10,261	85,201
Depreciation of other financial assets	23,662	95	383	23,374
Depreciation of client accounts	317	26	-	343
Other depreciation(1)	52,805	8,503	26,556	34,752
TOTAL	**227,482**	**27,879**	**44,957**	**210,404**

(1) Composed primarily of write-downs of current group accounts.

All reversals of provisions used concerns provisions for litigation and disputes and represents €2,291 K .

Provisions for risks affiliates

The major increases for the year are:

- Keolis Narbonne: €393 K
- Keolis Maritime Brest: €331 K

The major increases for the year are:
- Keolis Lyon: €936 K
- STAC Creil: €127 K

Depreciation of equity
The major increases for the year are:
- Monts Jura Autocars: €3,516 K
- Autobus d'Arcachon: €2,931 K
- Keolis Armor: €1,981 K

The major decreases for the year are
- SOFITRA: €4,106 K (TUP)
- Keolis Seine Maritime: €1,524 K

Depreciation of loans and other financial assets
The main decrease of the year is:
- Citypendeln: €86 K

5.6. Debts

(In € thousand)	Amount Gross	Up to one year or more	Up to Five years or more	More than Five years
Other bond issues and borrowing	131,459	31,459	100,000	-
Loans and other financial debt	79,451	1,632	77,820	-
Trade payables and related accounts	18,275	18,275	-	-
Tax and social security debts	43,223	43,223	-	-
Debts on assets and receivables	2,842	2,842	-	-
Other debts (2)	366,703	366,703	-	-
TOTAL	**641,954**	**464,134**	**177,820**	**-**

(1) Includes the credit balances of banks for €31,419 K.
(2) Other liabilities: these include the current account deposits and short-term cash pooling from subsidiaries of €358,557 K, deferred income of €4,226 K and customer advance payments of €39 K.

Details of accrued liabilities until 31/12/2011

Accrued liabilities
(In € thousand)

Accrued interest on advances and current accounts	724
Suppliers invoices not received	14,402
Tax and social security liabilities	31,010
Accrued interest cash	1,228
Discounts and rebates	1,068
Total	**48,432**

Details of borrowing
The borrowings are broken down as follows:
(In € thousand)

Other loans and debts from credit institutions
Summarized as follows:

• Loans from credit institutions	100,000
• Credit balance of banks	31,419
• Accrued interest on borrowings	40
Total	**131,459**

Other financial loans and borrowings
Grouped together in this position:

• Current account advances to subsidiaries	78,343
• Guarantee deposits on rental property received	371
• Other financial liabilities	737
Total	**79,451**

6. Note on the profit and loss statement

6.1. Details of other incomes and expenses
(In € thousand)

Other operating income	
Hedging gains for Diesel	4,999
Suppliers discounts	3,619
Others	14
TOTAL	**8,632**

Other operating expenses	
Losses on Diesel hedging	110
Bad debts	57
Others	41
TOTAL	**208**

6.2. Transfer of expenses
(In € thousand)

Expenditure related to staff	15
Refunds training agency collector	803
TOTAL	**818**

6.3. Exceptional income and expenses
(In € thousand)

• Allocations to provisions, net of reversals:	(217)
• Expenditure related to staff:	913
• Grants:	(25,437)
• Profit from transfer of assets:	154
• Losses on disposals of financial assets:	(57)
• Tax penalties:	(4)
• Tax Allowance:	224
• Other	9
TOTAL	**(24,414)**

6.4. Financial income and expenses
(In € thousand)

• Income from equity	54,960
• Depreciation, amortization and provisions	(22,611)
• Interest on current accounts	1,602
• Reversals of provisions and expense transfers	38,537
• Exchange gains / losses	357
• Income from sale of marketable securities	895
• Merger deficits	(6,300)
• Other financial income and expenses	(6,924)
• Write-offs	(500)
TOTAL	**60,016**

6.5. Taxes on profits
The corporation tax for the year consists of:

	Profit before tax	Tax due	Net profit
Current	71,089	(1,198)	69,891
Exceptional	(24,414)	-	(24,414)
Holdings	-	-	-
TOTAL	**46,675**	**(1,198)**	**45,477**

Increase and debt relief in future tax
The deferred tax bases are:
(In € thousand)
Bases of deferred tax assets
Charges for the year not deducted for tax 23,677
Future income taxed in the financial year: 8,636
Bases of deferred tax liabilities
Future expenses deducted in the fiscal year: 4,685

7. Other Information

7.1. Items for related parties
There is no information given in respect of the transactions between related parties to the extent that these transactions were completed in normal market conditions.

(In € thousand)	Amount on 31/12/11
ASSETS	
Holdings	499,730
Receivables related to equity	136,978
Trade receivables and related accounts	29,161
Other operating receivables	88,345
LIABILITIES	
Loans and other financial debt	78,343
Trade payables and related accounts	2,716
Debts on fixed assets	25
Other operating liabilities	357,649
FINANCIAL INCOMES	
Income equity securities	54,960
Fees of guarantees	28
Merger Bonus	48
Interest on current accounts	5,668
FINANCIAL EXPENSES	
Interest on current accounts	4,066
Loss on receivables	500
Merger deficit	6,348

7.2. Commitments excluded from balance sheet

Leasing commitments

The accounting in capital assets and depreciation of goods financed by leasing would have resulted in the following values at 31 December 2011:

ASSETS UNDER LEASE *(In € thousand)*	Entry cost	Depreciation allowances		Net value
		In year	Accumulated	
Land	278	-	-	278
Constructions	1,517	101	1,486	31
Transportation equipment	2,401	185	1,142	1,259
TOTALS	**4,196**	**286**	**2,628**	**1,568**

Commitments at 31 December 2011 are as follows:

COMMITMENTS UNDER LEASE *(In € thousand)*	Royalties paid		Royalties to be paid				Residual buying price
	In year	Accumulated	Up to 1 year	+1 year to 5	+ 5 years	Total to pay	
Terrains-constructions	171	870	42	-	-	42	1
Transportation equipment	338	2,371	304	282	-	586	145
TOTALS	**509**	**3,241**	**346**	**282**	**-**	**628**	**146**

Contractual obligations

The operating leases on vehicles (coaches and buses) are signed with financial institutions for periods not exceeding eight years, the residual value is equal to the projected market value at the end of the rental period. Rentals excluding VAT still outstanding at 31 December 2011 amounted to €302,068 K distributed as follows:

- less than one year €64,953 K;
- from 1 to 5 years €195,30 K;
- more than 5 years €41,285 K.

These contracts are entered into mostly by the subsidiaries of Keolis S.A.. The latter agrees with financial institutions to commit to a continuous monthly rental and thus to pay the rental in case of failure by the subsidiary: in exchange, financial institutions agree to leave the vehicles concerned at the disposition of the group.

Other financial commitments

The syndicated bank loan of GROUPE KEOLIS S.A.S. and Keolis S.A., initially set up May 24, 2007, was the subject of a first amendment dated 13 July 2010 to extend the final maturity of funding until 24 May 2013. A new amendment was signed in May 2011. This rider has endorsed the exercise of the option of one year deferral of the final repayment, which thus passed to 24 May 2014. This extension was achieved changing credit lines.

On 31 December 2011, the outstanding installments of Part A of the syndicated loan were € 315 million, while the draw down of Part B was €30 million. As of 31 December 2011, Keolis S.A. has not drawn on these lines: it is GROUPE KEOLIS S.A.S. who has drawn all of these amounts.

As of 31 December 2011, the Private Placement carried out on 30 September 2010 by Keolis S.A. from Regional Banks Crédit Agricole was still unchanged since its inception: outstanding € 100 million, maturing 30 September 2015.

Bank guarantees (guarantees and endorsements):	€211.2 K
Parent company guarantees:	€366.3 K

Individual rights to training (DIF)
The number of hours of training related accumulated rights acquired under the DIF by employees at 31 December 2011 is 84,601 hours.
The amount of training hours not taken into account for this application on 31 December 2010 is 99,814 hours.

Other commitments
Debt waivers granted to subsidiaries
The total waivers with clawback clauses amounted to € 5,726 K.

7.3. Workforce

The average annual headcount consists of:

	31/12/10	31/12/11
Executives	975	1,010
Supervisors and technicians	153	150
Employees	58	55
TOTAL	**1,186**	**1,215**

7.4. Remuneration of directors

There are no fees allocated to members of the administrative and managerial group.

Remuneration of members administrative bodies
No remuneration was paid to members of the administrative bodies in the course of fiscal year 2011.

7.5. Post closing events

No significant event subsequent to closing of the balance sheet date is to be reported.

7.6. Identity of the consolidating entity

The company establishes its own consolidated accounts. In addition, it was fully consolidated in the consolidated accounts of GROUPE KEOLIS S.A.S., 9 rue de Caumartin 75009 Paris.

Information on subsidiaries and non-consolidated investments (position at 31 December 2011)

DETAILS OF SHAREHOLDINGS WITH A CARRYING VALUE EXCEEDING 1% OF THE CAPITAL OF THE COMPANY REQUIRED TO DECLARE THE SIGNIFICANT SHAREHOLDING.

A - SUBSIDIARIES (IN WHICH THE COMPANY HOLDS AT LEAST 50% OF THE CAPITAL)

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
1) French subsidiaries										
Keolis Epinal ZAC de la Magdeleine - 88000 Epinal			100.00%				0			
Keolis Chalons en Champagne Chemin des Grèves - BP 68 -51000 Chalons - en - Champagne	40	437	97.20%	753	753	2,247	0	5,776	373	338
Cariane Multimodale International 9 rue de Caumartin - 75009 Paris	37	154	100.00%	1 246	1 246		0	0	165	
KTA Immeuble le Bonnel - 20 rue de la Vilette - 69328 Lyon	150	-1,729	100.00%	119	0	-1,538	0	644	-100	
Société d'Exploitation des Transports Urbains d'Oyonnax 7 Place Vaillant Couturier - 01100 Oyonnax	8	8	100,00%	8	8	105	0	1 246	6	6
Sté des Transp. De l'Agglo.de Chauny 150 Avenue Jean Jaurès - 02300 Chauny	8	38	50,00%	4	4		0	780	5	3
Keolis Château Thierry (création en 2010) 4 rue du Pont - 02400 Brasles	10	-16	100,00%	10	10	302	0	1 231	-16	
Keolis Montluçon Rue des Canaris - 03100 Montluçon	16	-160	100,00%	15	0	463	0	5 079	-7	
Keolis Sud Allier 14 boulevard Alsace Lorraine - 03300 Cusset	325	2 046	100,00%	3 088	0	-1 311	0	7 290	-286	
Keolis Vichy Boulevard Alsace Lorraine - 03300 Cusset	300	528	0,00%	660	660	129	0	2 997	82	

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Cie Transports Méditerranéens Allée des Cormorans - ZI la Frayère Mandelieu - 06150 Cannes la Bocca	198	-6 440	99,25 %	2 181	0	-6 621	0	3 730	-168	
Société Automobile de Provence 840 Avenue Emile Hugues - 06140 Vence	220	872	99,79 %	1 982	1 982	-1 096	0	5 580	554	600
Autocars Charrière Fils Chemin des Grads, ZI du Lac - 07000 Privas	39	281	99,50 %	2 059	2 059	579	0	4 158	111	41
Keolis Garonne ZI de Bonzom - 09270 Mazères	38	890	100,00 %	1 608	1 608	797	0	3 867	166	166
Société de gestion de l'Aéroport de Troyes en Champagne RN 19 -10600 Barberey Saint Sulpice	10	9	100,00 %	10	0	-1 148	0	852	8	0
Keolis Aude Pech Loubat - 11000 Narbonne	168	-1 473	100,00 %	1 242	0	-1 433	0	9 457	-189	
Keolis Narbonne Avenue de Pech Loubat - 11000 Narbonne Cedex	8	-484	100,00 %	8	0	7	0	6 013	-190	
Millau Cars SA ZA Saint Martin - 8 Impasse de l'Aigoutal - 121000 Creissels	45	-1 399	99,80 %	20	0	-428	0	2 192	-396	
Keolis Provence 59, rue de la Buffa - 06000 Nice	8	-1 020	100,00 %	8	0	-312	0	1 544	52	
S.N.T. Comett 3, Boulevard Ampère - 13014 Marseille	2 325	-6 835	100,00 %	5 810	0	-4 566	0	139	-193	
Keolis Camargue 21 Chemin du Temple - 13200 Arles	58	717	99,97 %	2 889	2 889	105	0	6 474	270	196
Société Transports Robert 31 avenue José Nobre - BP 57 - 13500 Martigues	38	655	99,76 %	821	821	-611	0	5 409	479	
Société Autocars de Provence 289 rue des Roseaux - 13320 Bouc Bel Air	46	650	99,80 %	840	840	-163	0	5 939	229	170
Keolis Pays d'Aix Rue des roseaux - Quartier du verger - 13320 Bouc Bel Air			100,00 %	10	10					

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the period ended 31/12/10	Net profit or loss (+) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
SCAC SA	846	538	100,00 %	1 493	1 493	-1 206	0	10 130	380	104
398 Avenue du Mistral - ZI ATHELIA - 13600 - La Ciotat										
Keolis Arles	40	-152	100,00 %	38	0	-822	0	3 285	18	
14 Boulevard Clemenceau - 13200 Arles										
Caennaise de Services	8	7	100,00 %	8	8	245	0	911	6	4
40, rue de Bengales - 14000 Caen										
Keolis Calvados	84	1 110	100,00 %	135	135	2 447	0	27 513	975	976
19, chemin de Courcelle - BP 127 - 14128 Mondeville										
Keolis Pays Normands	422	-525	100,00 %	1 042	366	-186	0	2 717	33	
ZI la Madeleine, rue de l'Ile du Marais Carentan - 50500 Carentan										
Keolis Caen	60	-660	98,80 %	121	0	3 137	0	43 957	-1 158	-179
15 rue de la Geôle - 14000 Caen										
Keolis Littoral	30	436	99,95 %	28	28	760	0	11 730	435	857
2 avenue du Pont Neuf - 17300 Rochefort										
Keolis Saintes	8	21	100,00 %	7	7	454	0	2 205	21	20
Rue des Perches - ZI Charriers - 17100 Saintes										
Compagnie du Blanc Argent CBA	279	699	99,41 %	4 139	4 139	1 228	0	6 659	519	503
9 Rue Caumartin - 75009 Paris										
Keolis Centre	832	-702	100,00 %	933	0	-1 686	0	14 797	-764	0
86 rue du village d'En Haut - 18230 - Saint Doulchard										
Keolis Bourgogne	153	1 969	100,00 %	1 917	1 917	2 441	0	10 660	632	467
17, rue du Bailly - ZI Dijon Saint Appolinaire - 21000 Dijon										
Keolis Dijon	46	67	99,67 %	254	254	9 540	0	51 494	62	62
40, rue de Longvic -21300 Chenove										
Monts Jura Autocars SA	1 920	1 325	100,00 %	9 786	3 747	492	0	24 663	-235	
4, rue Berthelot - 25000 Besançon										
Keolis Pays Montbéliard	80	67	100,00 %	76	76	4 301	0	16 050	57	56
CD 126 La Chamotte - 25420 Voujeaucourt										
Keolis Besançon	91	122	99,96 %	89	89	1 758	0	31 703	113	85
46 rue de Trey - BP 1123 -25002 Besançon										

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Keolis Urbest 4 rue Berthelot - 25000 Besançon	640	214	100,00 %	801	801	756	0	1 333	52	80
Keolis Drôme 26, rue Laurent de Lavoisier - 26800 Portes les Valence	331	483	99,93 %	1 448	1 448	24	0	8 583	154	155
Keolis Montélimar 8 avenue de la Feuillade - ZA du Meyrol - 26200 Montelimar	38	22	100,00 %	38	16	118	0	1 933	17	18
Keolis Eure 2 rue Lakanal - ZI n° 2- 27031 Evreux	467	466	100,00 %	1 555	1 555	-143	0	10 595	-55	0
Keolis Eure et Loir Les Fenots - 28100 Dreux	538	520	99,78 %	2 363	2 363	1 422	0	8 103	383	242
Keolis Drouais Les Fenots - 28100 Dreux	10	15	100,00 %	10	10	760	0	2 909	14	10
Keolis Concarneau ZA de Keramperu - 29900 Concarneau	8	20	100,00 %	80	80	350	0	1 601	19	20
Keolis Quimper 1 Rond Point de Quistinidal 29000 Quimper	40	38	100,00 %	38	38	2 642	0	8 956	33	32
Keolis Brest 7 rue Ferdinand de Lesseps - 29806 Brest	176	-227	100,00 %	168	0	4 809	0	32 259	-274	0
Keolis Morlaix ZI de Kérivin - 29600 St Martin des Champs	40	27	100,00 %	38	38	260	0	2 050	22	23
Keolis Maritime Brest 1 rue Eperon port de Commerce - BP 80713 - 29200 Brest	8	-390	100,00 %	8	0	453	0	7 164	-276	
Keolis en Cévennes 389 chemin du Viget - 30100 Alès	16	-211	95,10 %	14	0	-65	0	5 565	21	-48
Sté des Transports en Commun Nimois 388 rue Robert Bompard - 30000 Nîmes	40	-375	100,00 %	380	380	8 973	0	42 971	-434	0
Keolis Auch 7 Place de la Libération - 32000 Auch	8	33	100,00 %	11	11	174	0	1 344	26	19
Les Cars de Bordeaux 8, rue d'Artagnan - 33000 Bordeaux	264	897	49,97 %	379	379	-89	0	4 841	288	94

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Keolis Gironde ZA les Artigons Issac - 33160 Saint Médard en Jalles	684	7 304	90,65 %	6 658	6 658	4 952	0	12 553	1 222	496
Autobus d'Arcachon (Acquisition en 2010) 1431 bd de l'industrie - 33260 La Teste dè Buch	200	2 035	99,40 %	2 931	0	-524	0	3 107	609	
Keolis La Roche sur Yon 173 bd du Maréchal Leclerc - 85000 La Roche sur Yon	8	29		8	0	0	0	29	28	95
Keolis Bordeaux 12 Boulevard Antoine Gautier - 33000 Bordeaux	300	-11 888	99,98 %	300	0	5 789	0	155 486	-7 958	
Les Courriers du Midi 9, rue de l'Abrivado - BP 85121 - 34073 Montpellier Cedex 3	2 039	788	100,00 %	5 117	3 856	1 026	0	15 629	174	115
Keolis Languedoc 927, avenue Jolio Curie - 30000 Nîmes	90	598	99,98 %	899	899	175	0	5 284	413	270
Cars du Bassin de Thau 21 av de la Méditerranée - Lieudit Etang d'Ingril - 34110 Frontignan-La Peyrade	8	236	100,00 %	8	8	-155	0	3 873	177	200
Keolis Emeraude Rue des Rougeries ZI Sud - 35400 Saint Malo	339	384	100,00 %	345	345	-752	0	11 829	336	294
Keolis Armor 26, rue du Bignon - CS 27403 - 35135 Chantepie	1 472	5 204	77,71 %	10 877	8 714	3 832	0	32 204	1 314	0
Société Rennaise de Transports & Services Handistar 26 rue Bignon - 3 CS 27403 - 5135 Chantepie	15	12	100,00 %	15	15	523	0	2 788	9	9
Keolis Saint Malo Rue des rougeries - BP 70548 - 35405 Saint Malo Cedex	10	-370	100,00 %	10	0	1 420	0	6 793	-24	
Keolis Rennes Rue Jean Marie Huchet - CS94001 - 35040 Rennes	40	29	99,68 %	38	38	16 696	0	87 995	21	20
Keolis Châteauroux 6 allée de la Garenne - ZI - 36000 Châteauroux	8	19	100,00 %	8	8	792	0	3 989	18	19
Keolis Touraine (anciennement Alphacars) Impasse de Florence - 37700 St Pierre des Corps	61	-1 349	100,00 %	1 445	0	-3 099	0	1 741	42	0

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (+) In credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (+) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Keolis Tours Avenue de Florence - 37700 Saint Pierre des Corps	80	-186	100,00 %	76	0	3 912	0	30 299	-200	0
Train Bleu SARL 6, rue la Fontaine - 38160 St Marcellin	16	-390	99,51 %	335	0	-133	0	1 267	-102	
Voyages Monnet Route de Grenoble - 38590 - St Etienne de St Geoirs	40	112	100,00 %	2 008	0	-549	0	4 499	25	
Sté d'exploitat. Aéroport Dole Jura (Création fin 12/09 activité début 2010)	50	41	51,00 %	26	18	-200	0	1 434	41	
Keolis Gascogne 215 Route de Benquet - ZA de la Téoulière - 40280 Saint Pierre du Mont	135	1 167	52,89 %	594	594	66	0	6 627	235	86
Keolis Blois 9 rue Alexandre Vezin - 41000 Blois	16	60	100,00 %	15	15	2 269	0	8 206	51	51
Les Cars Roannais ZI les Guérins - 42120 Le Coteau	156	653	100,00 %	374	374	944	0	3 102	414	88
Cars Planche 10 boulevard Duguet - 42600 Savigneux	94	798	100,00 %	874	874	600	0	1 648	313	143
Keolis Atlantique 3, rue de la Garde - ZI Bois Briand - 44300 Nantes	992	2 732	100,00 %	8 842	8 842	-1 161	0	30 441	1 177	1 178
Transports de la Brière SA 7, rue Pierre Vergniaud - PENHOET - 44600 Saint - Nazaire	92	1 206	59,80 %	1 221	1 221	940	0	2 941	81	11
Keolis Voyages 3, rue de la Garde Zone de Bois Briand 44300 Nantes	8	54	100,00 %	7	7	84	0	4 211	9	
Keolis Montargis 16 rue de la Baraudière - 45700 Villemandeur	16	35	100,00 %	15	15	938	0	3 415	33	33
Keolis Orléans Val de Loire 64 rue Pierre Louget- 45800 Saint Jean de Braye			100,00 %	50	50					
Keolis Cahors 127 boulevard Léon Gambetta - 46000 Cahors	8	26	100,00 %	8	8	457	0	1 633	25	20
Keolis Agen Rue Georges Clemenceau - 47240 Bon Encontre	10	24	100,00 %	10	10	964	0	3 854	23	23

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company durng the period
	Share Capital December 2010	Other Equity								
Keolis Marmande Impasse Doumayne - ZA de Girauflat - 47200 Marmande	8	7	100,00 %	8	8	34	0	395	6	6
Keolis Val de Maine Rue du Bois Rinier - ZI Saint Barthélémy - 49124 Saint Barthélémy d'Anjou	10	-3	100,00 %	10	10	222	0	1 099	-2	
Société de Gestion de l'Aéroport d'Angers Marcé Aéroport d'Angers-Marcé - 49140 Marcé	8	-26	100,00 %	8	0	-486	0	1 143	-28	0
Keolis Angers Rue du Bois Rinier - 49124 Saint Barthélémy d'Anjou	16	98	100,00 %	15	15	9 474	0	41 774	96	96
Keolis Manche La Fosse Yvon - 50440 Beaumont Hague	562	-925	100,00 %	2 731	0	-66	0	8 158	-389	
Keolis Cherbourg 491 rue de la Chasse aux Loups - 50110 Tourlaville	77	-60	99,92 %	83	0	809	0	7 868	-52	
Keolis Chaumont (création en 2010) Rue du Vieux Moulin - 52000 Chaumont	10	2	100,00 %	10	10	-381	0	1 518	2	
Keolis Laval Centre JM Moron - rue Henri Batard - BP 0909 - 53009 Laval Cedex	8	25	100,00 %	8	0	334	0	10 941	24	24
Keolis Sud Lorraine 1 rue de la Sablière - 54136 Bouxières Aux Dames	75	-2 011	99,98 %	76	0	-582	0	21 391	-221	
Keolis Lorient Boulevard Yves Demaine - 56323 Lorient Cedex	89	19	100,00 %	163	163	5 710	0	26 490	-19	
Keolis Maritime Lorient 1 rue Yves Montand - 56260 Larmor-Plage	10	106	99,00 %	10	10	323	0	1 884	96	40
Keolis 3 Frontières 5 rue de l'Abbé Grégoire - 57050 Metz	824	-387	100,00 %	3 893	3 893	-270	0	26 434	-288	
Keolis Nevers 120 route de Marzy - 58000 Nevers	8	-56	100,00 %	8	0	864	0	5 874	-58	0
Trans Val-de-Lys ZA de la nouvelle energie - Rue de l'energie prolongée - 59560 COMINES	1 101	1 826	100,00 %	2 027	2 027	4 952	0	18 147	1 300	793
Cars Valenciennois SA 36, rue Ernest Macarez - 59300 Valenciennes	165	1 576	96,32 %	3 222	3 222	1 127	0	4 475	381	367

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Transpole Château Rouge - 276 avenue de la Marne - 59700 Marcq en Baroeuil	703	-46	99,99 %	1 200	1 200	691	0	243 552	-263	
Transports Evrard 304 avenue du Tremblay-ZI de Vaux - 60100 Creil	40	-995	100,00 %	7 171	0	-2 759	0	9 917	-555	
Keolis Oise 21, avenue Felix Louat - 60300 - Senlis	183	3 964	100,00 %	4 027	4 027	913	0	18 911	874	333
Keolis Alençon 20 rue Ampère - 61000 Alençon	38	495	100,00 %	38	0	219	0	2 414	-37	-29
STCU Arras Rue Mongolfier ZI Est - 62000 Arras	40	-51	100,00 %	127	127	1 286	0	6 802	-55	
Keolis Artois 124 rue Emile Zola - 62300 Lens	908	671	99,99 %	677	677	12 971	0	46 038	414	363
Caron Voyages Resurgat 1 - 64 Boulevard industriel - 62230 Outreau	77	-395	100,00 %	382	382	-336	0	3 607	-298	
Voyages Dourlens ZAL n°3 - rue de belle vue - 62700 Bruay La Buissiere	40	-133	100,00 %	350	350	-224	0	2 031	-137	0
Keolis Boulogne sur Mer 19, rue Cassin Resurgat 3 - 62230 Outreau	168	-56	100,00 %	368	368	2 187	0	11 355	-16	
Westeel Voyages 2, rue F. Jiolat - 62430 Sallaumines	1 260	-1 945	100,00 %	3 455	3 455	1 936	0	12 181	-2 130	
Loisirs et Voyages ZI de l'Industrie - 63600 Ambert	914	370	100,00 %	4 254	2 330	283	0	10 107	265	256
TPR SARL Chemin de la Saligue - 64140 Lons	40	440	99,97 %	1 785	642	-248	0	2 935	311	312
Keolis Pyrénées Quartier Lasbats - Route de Pau - 65420 IBOS	1 367	1 312	95,17 %	2 626	2 626	1 387	0	9 666	721	667
Keolis Grand Tarbes Centre Kennedy - Rue Jean Loup Chretien - 65000 Tarbes	40	34	100,00 %	608	608	646	0	4 018	29	28
Les Courriers Catalans 7 rue Jean Perrin - 66000 Perpignan	2 160	-1 495	100,00 %	3 401	1 447	394	0	9 862	-238	
Transports GEP Vidal 7, rue Jean Perrin - 66000 Perpignan	86	119	99,98 %	1 100	530	-684	0	4 707	59	

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Compagnie des Transports de Perpignan 9 rue de Caumartin - 75009 Paris	85	19	99,88 %	78	78		0	0	-2	
Keolis Obernai (création en 2010) 7 rue de la Gare - 67210 Obernay cedex	10	-10	100,00 %	10	0		0	556	-10	9
Autocars Planche 69 rue du Champ du Garet - 69400 Arnas	5 000	5 057	100,00 %	6 567	6 567	7 126	0	16 770	2 076	0
Keolis PMR Rhône ZI La Bandonnière - 4, rue Maurice Audibert - 69800 Saint - Priest	8	-465	99,80 %	8	0	9	0	3 197	-181	
Interhône Alpes 69, rue du Champ du Garet - BP 80157 - Arnas - 69655 Villefranche sur Soane	40	899	100,00 %	38	38	1 115	0	6 749	629	
Keolis Lyon 19, boulevard Vivier Merle - 69212 Lyon Cedex 03	2 960	-33 544	100,00 %	3 011	0	37 682	0	312 330	-4 496	
Keolis Vesoul ZI rue des Saules - Noidans les Vesoul - 70000 Vesoul	8	-39	0,00 %	0	0	224		981	-5	
Keolis Aix Les Bains 1700 boulevard Lepic - 73100 Aix Les Bains	10	-736	100,00 %	10	0	-3	0	3 760	-204	
Société pour la Mobilité à Paris 48 rue Gabriel Lamé - 75012 Paris	37	-163	100,00 %	37	37	2 019	0	11 999	293	
Institut Keolis 9 rue Caumartin - 75009 Paris	37	1 785	100,00 %	37	37	1 140	0	9 049	1 780	1 780
Keolis Seine Maritime 55/57, le Nid de Verdier - 76400 Fécamp	185	1 629	100,00 %	5 631	1 524	3 252	0	13 371	155	
Keolis Rouen Vallée de Seine 3 Bis rue Nicephore Niepce - Zone Industrielle - 76300 Sotteville les Rouen			100,00 %	10	10	-55				
Les Courriers de l'Ile-de-France 34, rue de Guivry - 77980 Le Mesnil-Amelot	344	12 136	99,99 %	560	560	-5 604	0	68 181	2 783	2 127
Val Trans Services Roissy Rue des Acacias - 77990 Le Mesnil Amelot	37	55	100,00 %	660	660	251	0	2 418	51	51

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Airelle 1 a 9 avenue Francois Mitterand - Immeuble Le Jade - 93200 Saint Denis	6 108	-9 827	100,00 %	6 117	-0	-3 988	0	767	-795	
Transroissy SNC Rue du Metronome - 95700 Roissy en France	8	-1 089	99,80 %	8	0	597	0	7 231	-821	
Aerosat Rue des Acacias - 77990 Le Mesnil Amelot	50	1 219	85,00 %	42	42	3 146	0	8 740	1 211	850
Keolis Mobilité Roissy (création en 2010) 34 rue de Guivry - 77990 Le mesnil Amelot	10	11	100,00 %	10	0	417	0	5 246	11	10
Cie des Transports Collectifs de l'Ouest Parisien 18, rue de la Senette - 78755 Carrières sous Poissy	40	2 339	50,00 %	20	20	40	0	15 114	2 326	1 163
SVTU SA 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	680	4 664	99,90 %	2 960	2 960	-1 433	0	28 580	1 112	899
Keolis Yvelines 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	135	241	99,16 %	737	737	-712	0	3 884	9	
Société de Financement des Transports 20 Grand Rue - 79340 Menigoute	112	-633		4 106	0	0	0	476	34	
Keolis Somme ZI du Frier - 80290 Poix de Picardie	8	-288	99,80 %	8	0	-19	0	2 134	-302	
Société d'Exploitation de l'Aéroport Albert Picardie Rue Henri Potez - 80300 Meaulte	50	99	50,94 %	26	26	-324	0	1 019	96	
Keolis Abbeville Boulevard de la Fosse 11 - bat G8 - 62160 Grenay	162	87	99,02 %	186	186	851	0	2 173	35	28
Cariane Littoral Place de la gare - 59820 Gravelines	150	-2 548	99,99 %	152	0	-1 325	0	5 783	-269	
Société Départementale des Transports du Var 175 Chemin du Palyvestre - 83400 Hyères	1 344	2 661	95,08 %	5 303	5 303	215	0	16 689	-66	0

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Keolis Chatellerault 103 rue de Pleumartin - 86100 Chatellereault	40	17	100,00 %	38	38	482	0	3 527	12	12
Sté d'exploitat. Aéroport Epinal Mirecourt (création 2010) 10 rue Claude Gelée - 88000 Epinal	50	89	50,40 %	26	0	0	0	921	-4	
Autocars Garrel et Navarre 19, rue Charles Mory - 91210 Draveil	47	4 090	100,00 %	5 783	5 783	2 749	0	9 028	780	
Société d'Exploitation Transport de Voyageurs Evry-Ris 172 Avenue François Mitterrand - 91200 Athis Mons	50	229	100,00 %	1 982	1 982	-22	0	203	107	200
Athis Cars SA 172 avenue F.Mitterrand - 91200 Athis Mons	230	3 561	100,00 %	5 594	5 594	5	0	21 664	619	620
STA SARL 110, route Nationale 191 - La belle Etoile - 91540 Mennecy	40	785	99,92 %	2 742	2 742	-4 057	0	7 430	-681	
Intrabus EURL 1 à 3 avenue F. Mitterand - Bâtiment le Jade - 93200 Saint Denis	8	64	100,00 %	485	485	-1 441	0	7 768	-42	
Société & Exp. Francilienne Inter Modalité 1 a 3 avenue Francois Mitterand - Immeuble Le Jade - 93200 Saint Denis	40	618	100,00 %	40	40	667	0	3 943	612	612
Autocars Delion 12 rue Jean Perrin - 92000 Nanterre	482	1 099	100,00 %	2 557	2 557	1 396	0	8 154	856	474
Keolis Mobilité Hauts de seine (création en 2010) 1-3 av Francois Miterrand - Batiment le Jade - 93200 La plaine St Denis	10	35	100,00 %	10	0	-1 574	0	664	-496	
S.F.D. SA 9 rue de Caumartin - 75009 Paris	40	0	100,00 %	1 184	1 184	568	0	0	0	
Voyages Autocars Services 52 rue Jaen Lemoine - 93230 Romainville	152	-2 226	100,00 %	2 109	0	-2 281	0	6 183	-892	

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Pacific Cars 20 rue du Bailly - 93210 La Plaine Saint-Denis	1 300	-1 849	99,95 %	4 581	0	-1 793	0	3 732	-459	
Prioris 1à 3 avenue françois Mitterand - 93200 La Plaine Saint Denis	38	107	66,00 %	25	25	-289	0	6 370	156	
Société des Transports et de Serv. Aéroportuaires 1 a 9 avenue Francois Mitterand - Immeuble Le Jade - 93200 Saint Denis	150	610	100,00 %	98	98	331	0	9 403	499	0
Transports Services Aérolignes 34 rue de Guivry - 77990 Le Mesnil Amelot	8	68	100,00 %	8	0	162	0	371	67	0
Keolis Val d'Oise 1,chemin Pavé - 95340 Bernes sur Oise	128	703	99,99 %	130	130	-365	0	3 798	20	26
Aérobag 34 rue de Guivry - 77990 Le Mesnil Amelot	8	-1 341	100,00 %	8	0	-2 335	0	4 551	-518	
Aerolis 34 rue de Guivry - 77990 Le Mesnil Amelot	40	-1 218	50,10 %	71	0	-1 779	0	20 413	-361	
Transétude 20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon	300	51	100,00 %	393	393	369	0	994	36	35
Keolis Conseil & Projets 20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon	8	202	100,00 %	8	8	-215	0	2 342	201	201
SNC Orset 9 rue Caumartin - 75009 Paris	1	-25	95,00 %	1	0	-348	0	0	-4	
MOTION LINES (création 2011) 9 rue de Caumartin - 75009 Paris			100,00 %	10	10		0			
SCI St Nicolas 55/57 le Nid de Verdier - 76400 Fécamp			100,00 %	0	0		0	9	8	9
SCI Héron Verdier 55/57 Le Nid de Verdier - 76400 Fécamp			100,00 %	0	0		0	69	69	66
REV (Réseau en Vosges) 3 place Gambetta - 88300 Neufchâteau	10	8	70,00 %	7	7	137	0	2 356	8	4

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
Keolis Ille et Vilaine (création 2011)						1 156				
6, rue du Bignon - 35100 Rennes										
TRANSPORTS DE L'AGGLOMERATION DE METZ METROPOLE - TAMM (création 2011)			40,00 %	800	800					
7 avenue Blida 57000 METZ										

(€ thousand) Companies or groups of companies	Equity		Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
	Share Capital December 2010	Other Equity								
2) Foreign subsidiaries										
Keolis Nordic	100	-2 012	100,00 %	7 215	7 215	-14 598	0	0	-13 910	
C/o Advokatfirman Vinge KB - Box 1703 - 111 87 STOCKHOLM - SUEDE	SEK							SEK		
KEOLIS Espagne	4 508	-1 050	100,00 %	20 445	3 402	2 700			12	
Via Augusta, 291 - 08017 Barcelona - Espagne										
Keolis Canada inc	29 569	-35	100,00 %	20 892	20 892	-1 135	0	0	-6	
1 place Ville Marie H3B 4M7 - Montréal - Canada	CAD							CAD		
KEOLIS UK	2 000	3 890	100,00 %	3 059	3 059	23 818	0	0	23 518	33 631
55, Colmore Row - Birmingham - B3 2AS - Royaume-Uni	GBP							GBP		
City Trafik	24 857	93 626	100,00 %	15 033	15 033		0	670 491	17 961	
2/4, Thorvald Borgs Gade - 2300 Copenhagen - Danemark	DKK							DKK		
Keolis Deutschland Gmbh & Co. KG	51	-4 615	100,00 %	736	736		0	113 913	-2 394	
Rheinstrasse 4E - 55116 MAINTZ, Allemagne										
Keolis Deutschland Verwaltungsgesellschaft Gmbh	26	-16	100,00 %	26	14		0	0		
Zoobogen Hardenbergplatz 2 -10623 Berlin, Allemagne										
Luxbus	35 905	-31	100,00 %	44 234	44 234		0	0	-9	
10 rue Nicolas Adames - L 1114 Luxembourg										

(€ thousand) Companies or groups of companies	Equity: Share Capital December 2010	Equity: Other Equity	Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
Keolis Vlaanderen Oosterring 17 - 3600 Genk, Belgique	7 349	3 014	100,00 %	22 708	22 708		0	2	1 847	
Keolis America c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County 19901 Delaware, USA	25 USD	-1 627	100,00 %	27 060	27 060	-23 058	0	0 USD	-421	
Keolis Tramway d'Alger 2 impasse Bossuet, Alger, Algérie	20 000 000 DZD		100,00 %	198	198		0	0		
Eurobus Holding SA 62 av. de Navagne - 4600 Vise, Belgique	25 000	25 697	100,00 %	131 453	131 453	0	0	1	940	

B - NON CONSOLIDATED INVESTMENTS (IN WHICH THE COMPANY HOLDS NOT LESS THAN 10% AND NOT MORE THAN 50% OF THE CAPITAL)

(€ thousand) Companies or groups of companies	Equity: Share Capital December 2010	Equity: Other Equity	Percentage of Capital Held	Gross value of securities held	Net carrying value of securities held	Loans and avanced granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue excl. VAT for the periodended 31/12/10	Net profit or loss (-) for the period de l'exercice ended 31/12/10	Dividends collected by the company during the period
1) French subsidiaries										
T.I.C.E 352 rue des Champs Elysées - 91026 Evry	182	6 358	18,83 %	35	35		0	29 135	120	
Scodec Voyages SCOP La Tuilerie du Vignault - 79140 Cerisay	264	534		92	92		0	2 515	60	15
Keolis Val de Saône 30, rue de Guerlande Zone Verte - 71880 Chatenay le Royal	7	-35	10,00 %	60	60	-378	0	10 237	210	
Canal TP 20 bd Poniatowski - 75012 Paris	763	851		381	381	2 640	0	5 762	555	
Passerelle CDG Continental Square Roissy Pole - 4 place de Londre - 93290 Tremblay en France	40	128		14	0	-500	0	17 413	-289	
Trans Pistes 37-39 rue d'Athènes - 13127 Vitrolles	80	121		32	32	-922	0	1 330	113	45

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Report on the Financial Statements
(Financial year ending 31 December 2011)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Keolis.;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the consolidated financial statements were made in an uncertain environment resulting from the public finance crisis in several eurozone countries. This crisis is accompanied by an economic and liquidity crisis, which makes it difficult to assess the economic outlook. These conditions are described in note 2.3 to the consolidated financial statements. Such is the context in which, in accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Keolis carries out impairment tests on goodwill and indefinite life assets and also assesses whether there is any indication of impairment on non-current assets, as described in note 2.4.9 to the consolidated financial statements. We have examined the methods used to carry out this impairment test as well as the corresponding cash flow forecasts and assumptions, and have verified that the notes to the consolidated financial statements provide appropriate disclosures.
- Note 2.4.18 specifies the valuation methods for provisions for pensions and other employee benefits. An evaluation of these provisions was carried out by independent actuaries. Our work consisted in examining the data and assumptions used and verifying that note 5.14 to the consolidated financial statements provides appropriate disclosures.
- Note 2.4.18 specifies the methods used to take into account the risks relating to ongoing litigation and operating contracts. Our work consisted in examining the procedures used by the Company to identify and assess these risks and the accounting treatment applied and in assessing the resulting estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

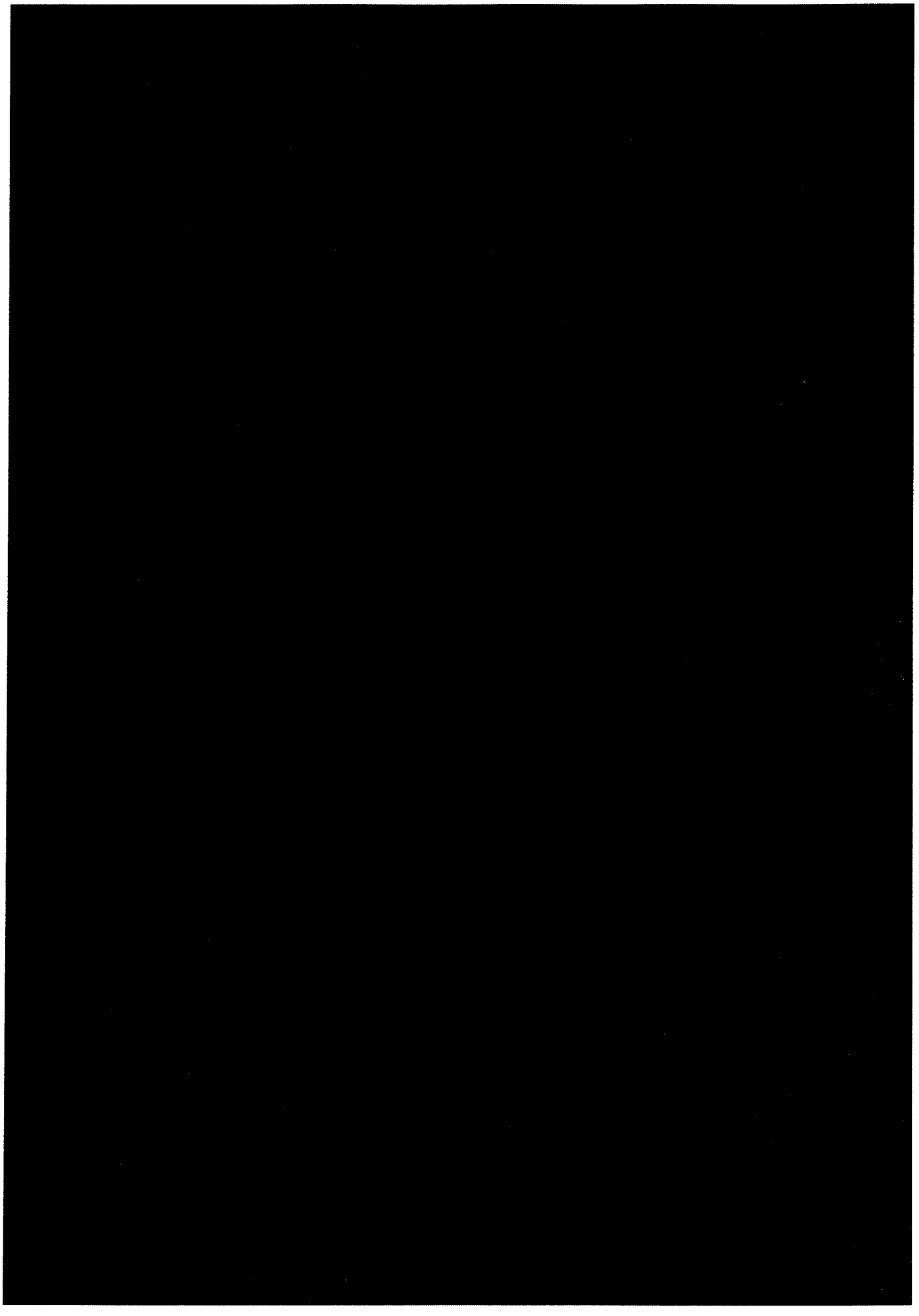
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

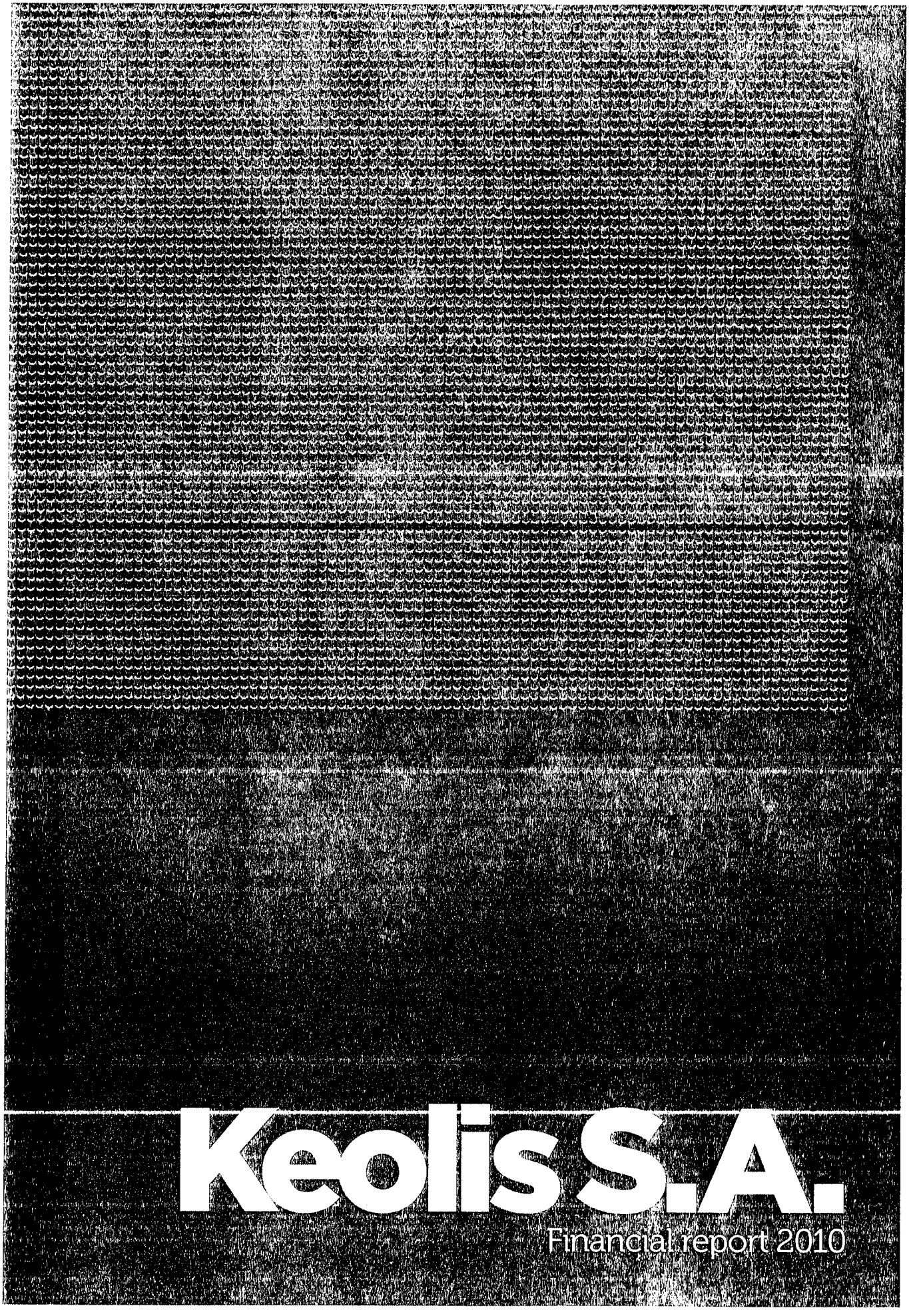
Neuilly-sur-Seine, 5th March 2012

Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier-Bel

Deloitte & Associés
Bertrand Boisselier




Keolis S.A.
Financial report 2010

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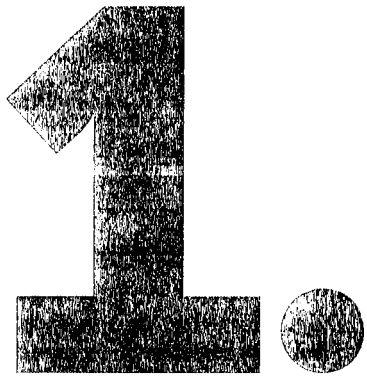
MANAGEMENT REPORT



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Board of Directors' Management Report to the Annual Ordinary General Meeting of 10 June 2011

Ladies and Gentlemen,

We have called you to this Annual Ordinary General Meeting in accordance with the statutory requirements and under the Articles of Association to report to you on our Company's activity for the financial period ended 31 December 2010, and to submit to your approval the consolidated annual financial statements for that financial period.

Your Statutory Auditors will also read out their reports to you.

For our part, we are ready to provide you with any additional information and clarifications you may deem relevant.

In the following paragraphs, we have set out the various items of information as prescribed by the regulations.

COMMERCIAL ACTIVITY AND DEVELOPMENT

In France, 2010 was marked by the renewals of the 2 major networks of Lille and Lyon; in addition Keolis continued integrating the Bordeaux contract which had started on 1 May 2009.
Furthermore, the Group expanded its regional bus business with the acquisition of Autobus d'Arcachon and Bus Boïens.

Internationally, 2010 confirmed the Group's direction in its development policy. Indeed, several contracts were started up this year such as the VRE in the United States in July 2010. The year was primarily marked by the full effect of the Melbourne contract which started in December 2009.

GROUP ACTIVITY AND RESULTS IN 2010

Group results

Group revenue stood at €3,978.2 million, up €553.8 million or 16.2% compared to 2009. This growth stems from the foreign exchange gain of €71.1 million following a depreciation of the euro primarily against the pound sterling and the Swedish Krona. The scope effect (acquisitions / divestments of companies) was +€10.8million; it was the result not only of the international acquisitions made at year end 2009: Lanaudière in Canada (+€16.4 M) and Flanders Coach Group in Belgium (+€13.4 million), but also of the sale of several specialised airport activities (-€16.2 million). Organic growth amounted to +€465.4 million with the full effect in 2010 of the Group's 2009 gains (of which +€61.5 million concerned Bordeaux and +€224.4 million concerned Melbourne).

Recurring EBITDA totalled €212.7 million, up €18.6 million or 9.6% over the previous period. The foreign exchange effect contributed €3.1 million; excluding the foreign exchange effect, total growth would have been +8.1%. During the year, the Group also recorded a technical effect of +€10.3 million relating to the accounting treatment of the CVAE tax (business contribution on added value) for +€9.8 million, the IFRIC 12 effect for -€0.4 million and to the restatement of bank card fees for +€0.9 million. Excluding the technical and foreign exchange effects, growth would have been +2.8%.
There was a positive scope effect of +€5.9 million, +€2.9 million of which stemmed from Lanaudière in Canada and +€2.9 million from Flanders Coach Group. The Group's organic growth was slightly negative; this result reflects the contraction of profitability in France, especially in the Urban segment.

Income from continuing operations followed a similar trend with an increase of +€6.7 million (+6.5%) in relation to 2009 and amounted to €108.5 million.

Net profit attributable to equity shareholders for 2010 was €43.5 million versus €39.7 million in 2009.

Cash flow generated in 2010 amounted to +€49.3 million versus +€128.8 million in 2009; the drop of -€79.5 million can be explained by a less significant WCR contribution of -€114.9 million but which is counterbalanced by investment flows that were less significant than in 2009 by +€27.2 million.

Keolis' net debt came to €2.8 million at the end of 2010 versus €15.8 million at the end of 2009.

1 MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Revenue from ordinary operations totalled €3,982 million.

After taking into account all operating costs, operating profit came to €106 million.

Net profit attributable to equity shareholders amounted to €44 million.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements were drawn up in accordance with French accounting principles.

Operating profit, including the share in the earnings of joint-venture operations, amounted to €4,746K versus €8,976K in 2009.

Net financial income amounted to €19,202K, as against €25,576K in 2009.

After recognition of an exceptional loss of -€3,784K and corporate income tax of €327K, the annual financial statements of Keolis recorded a profit of €20,491K.

SUBSIDIARIES AND SHAREHOLDINGS

The table in the notes to our balance sheet provides full information on the activities of our company's subsidiaries and shareholdings.

SHAREHOLDING THRESHOLDS AND ACQUISITION OF CONTROLLING INTERESTS

During the 2010 financial year, Keolis acquired or took control of the following companies:

Companies founded in France:

KEOLIS MOBILITE ROISSY	January 2010	100%
KEOLIS OBERNAI	January 2010	100%
REV- Réseau en Vosges	March 2010	70%
KEOLIS CHAUMONT	June 2010	100%
KEOLIS CHATEAU THIERRY	June 2010	100%

Acquisitions of companies in France:

LES AUTOBUS D'ARCACHON	July 2010	100%
LES BUS BOïENS	July 2010	100%

Abroad:

In January 2010, formation of KEOLIS RAIL SERVICES VIRGINIA in the United States, 100% owned by KEOLIS RAIL SERVICES AMERICA.

In September 2010, formation in the Netherlands of Keolis Nederland B.V, 100% owned by Keolis Multimodal International.

Furthermore, in August 2010, Keolis Nordic acquired SL.'s 30% equity interest in Keolis Sverige (Busslink), and accordingly become the full owner of this subsidiary.

In December 2010, Keolis S.A. acquired the remaining 29.16% shareholding in Eurobus Holding (EBH) in Belgium from SRWT. At 31 December 2010, Keolis S.A. held 100% of EBH.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company incurred no significant research expenditure during the year. However, numerous new-product and new-service development activities were conducted as closely as possible to operating managers to ensure that they were perfectly tailored to market needs. The related expenses are not individually recognised in comprehensive income, and were not subject to any specific monitoring.

FORESEEABLE TRENDS AND OUTLOOK

Strategic Plan

The Group is in the process of updating its strategic plan for 2012 to 2014. The Group confirmed its key strategic choices in 2010, with a focus in France on defending and developing its contract portfolio. Internationally, the Group is seeking to strengthen its positions in the areas where its interests are located, while continuing to expand in high-potential areas such as Australia and North America.

POST BALANCE SHEET EVENTS

None.

CAPITAL INCREASE

No changes were made to the Group's share capital during the financial period. As at 31 December 2010, the share capital stood at €46,851,276.

INFORMATION ON TERMS OF PAYMENT

Pursuant to the provisions of articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we present below the details of the balance of trade payables by maturity date, as at the end of the last reporting period.

The balance of trade payables at the end of the reporting period breaks down as follows:

(€ thousand)	Period 2010	Period 2009
Amount of trade payables	**4,652**	7,630
Breakdown of invoices by maturity		
- Invoices overdue:	**126**	6,911
*by 0 to 30 days	**311**	5,435
*by 31 to 60 days	**474**	228
by than 60 days	**(659)**	1,248
- Invoices not due:	**4,527**	719

(*) including in 2009 a disputed invoice of €387,000 and Group invoices of €682,000
including in 2010 Group invoices -€694,000.

APPROPRIATION OF EARNINGS

We propose that the profit for the year of €20,490,764.72 be appropriated as follows:

Profit for the year	€20 490 764.72
Earnings carried forward from prior period	-
DISTRIBUTABLE PROFIT	€20 490 764.72
Other reserves	€56 231.82
TOTAL	€20 546 996.54
Appropriation:	
Dividends	€19 130 937.70
Other reserves	€1 416 058.84

Accordingly, a motion will be submitted to you to allocate a dividend of €4.90 per share.

These dividends do not qualify for the 40% tax rebate because this sum is fully paid out to legal entities subject to corporate income tax.

As required by law, you are requested to note that the amount of dividends paid out and the corresponding dividend tax credits in the three previous financial years were as follows:

Period	Dividend	Distributed income qualifying for tax rebate	Distributed income not qualifying for tax rebate
2009	19,326,151.35 i.e. €4.95 per share	4,000.85	19,285,150.50
2008	50 365 121,70 i.e €12.90 per share	106,850.70	50,258,271
2007	105,415,371.00 i.e €27.00 per share	239,869	105,176,502

Non-tax-deductible expenditure

Please be advised that €225,000 of expenditure not qualifying for deduction under Articles 223 quater (4) and 223 quinquies (5) of the French General Tax Code was incurred during the elapsed financial period.

Dividends will be paid out as from 11 June, 2011.

SHAREHOLDING

At 31 December, 2010, GROUPE KEOLIS S.A.S. held 100% of the share capital, since FCPE GROUPE KEOLIS ACTIONNARIAT had disposed of all of its Keolis shares and reinvested in GROUPE KEOLIS S.A.S..

EMPLOYEE SHAREHOLDINGS

At 31 December 2010, there were no employee shareholders in the Company's capital.

REGULATED AGREEMENTS UNDER ARTICLES L. 225-38 AND L. 225-39 OF THE FRENCH COMMERCIAL CODE

The Statutory Auditors' report will now be read out to you in respect of agreements entered into during the financial year and authorised by your Board of Directors under Article L. 225-38 of the French Commercial Code.

We would also remind you that the list of regulated agreements under Article L. 225-39 of the French Commercial Code is available for consultation pursuant to Article L. 225-115 of that same Commercial Code.

ADMINISTRATION AND CONTROL OF THE COMPANY

1. General Management governance method

As required by Article 148 of the Decree of 23 March 1967, we inform you that your Board of Directors has decided to combine the functions of Chairman of the Board of Directors with those of Chief Executive Officer.

Mr. Michel Bleitrach was re-appointed Chairman and Chief Executive Officer by a resolution of 4 March 2011.
Mr. Michel Lamboley was appointed senior executive vice president on the same day.

2. Application of the provisions of the law of 26 July 1983 on the democratisation of the public sector

As your Company falls under the scope of this law, three directors have been elected by the employees. The Ordinary General Meeting of 4 March 2011 also appointed six directors to represent shareholders. All directorships became effective on 4 March 2011 for a period of 5 years.

3. Directorships and offices held by each of the company's officers

We have set out for you in the notes attached to this report, the list of other directorships and offices held by each of the company's officers serving in 2010.

4. Appointments of Statutory Auditors

You are informed that the appointments of the Company's statutory auditors expire at the end of the annual ordinary general meeting. Motions will be submitted requiring you to make the subsequent decisions.

We trust that you will approve these motions and that you will duly pass the resolutions that will be submitted to you.

THE BOARD OF DIRECTORS

List of directorships and positions held in 2010 in other companies by Keolis corporate officers

Michel BLEITRACH	Chairman	KEBEXA PARTICIPATIONS
	Chairman, Chairman of the Executive Committee	GROUPE KEOLIS S.A.S.
	Chairman, CEO	KEOLIS
	Chairman	KEOS MANAGEMENT
	Chairman of the Board of Directors	KEOLIS LYON
	Director	KEOLIS BORDEAUX
	Director	SECHILIENNE - SIDEC
	Director	KDR Victoria Pty (Australia)
Michel LAMBOLEY	Member of the Executive Committee	GROUPE KEOLIS S.A.S.
	Director	KEOLIS
	Director	KEOLIS LYON
	Director	KEOLIS RENNES
	Director	KEOLIS BORDEAUX
	Director	TRANSPOLE
	Director	EUROBUS HOLDING (Belgium)
	Director	CITYPENDELN SVERIGE AB Sweden) (until 29/04)
	Director	KEOLIS ESPANA
Laurent TREVISANI	Director	KEOLIS
		RITMx
		GIE FINANCIERE SCETA
	Permanent representative SNCF Participations	C-FER-J
	Member of the Supervisory Board	GROUPE KEOLIS S.A.S.
Jean-Michel FERRARIS	Chairman of the Board of Directors and director	EFFIA
	Chairman, CEO	KEOLIS BORDEAUX
	Chairman	EFFIA Concessions (until 6/10)
	Director	KEOLIS
	Director	TRANSEVRY
	Director	KEOLIS ATLANTIQUE
	Director	AEROPORT ALBERT PICARDIE
	Director	KEOLIS RENNES
	Member of the Supervisory Board	AEROLIS
	Permanent representative Keolis Tours	SAEM TOURS
	Permanent representative Keolis	KEOLIS DIJON
	Director	KEOLIS CAEN (until 7/06)
	Managing Director	KEOLIS TOURS (until 22/06)
	Managing Director	AEROPORT ANGERS MARCE (until 22/06)
	Managing Director	KEOLIS ANGERS (until 25/06)
	Managing Director	VS Voyages (until 28/06)
	Managing Director	EFFIA Stationnement (until 21/10)

Appendix 1

Summary table of powers and authority in connection with capital increases as vested in the board of directors by the general meeting.

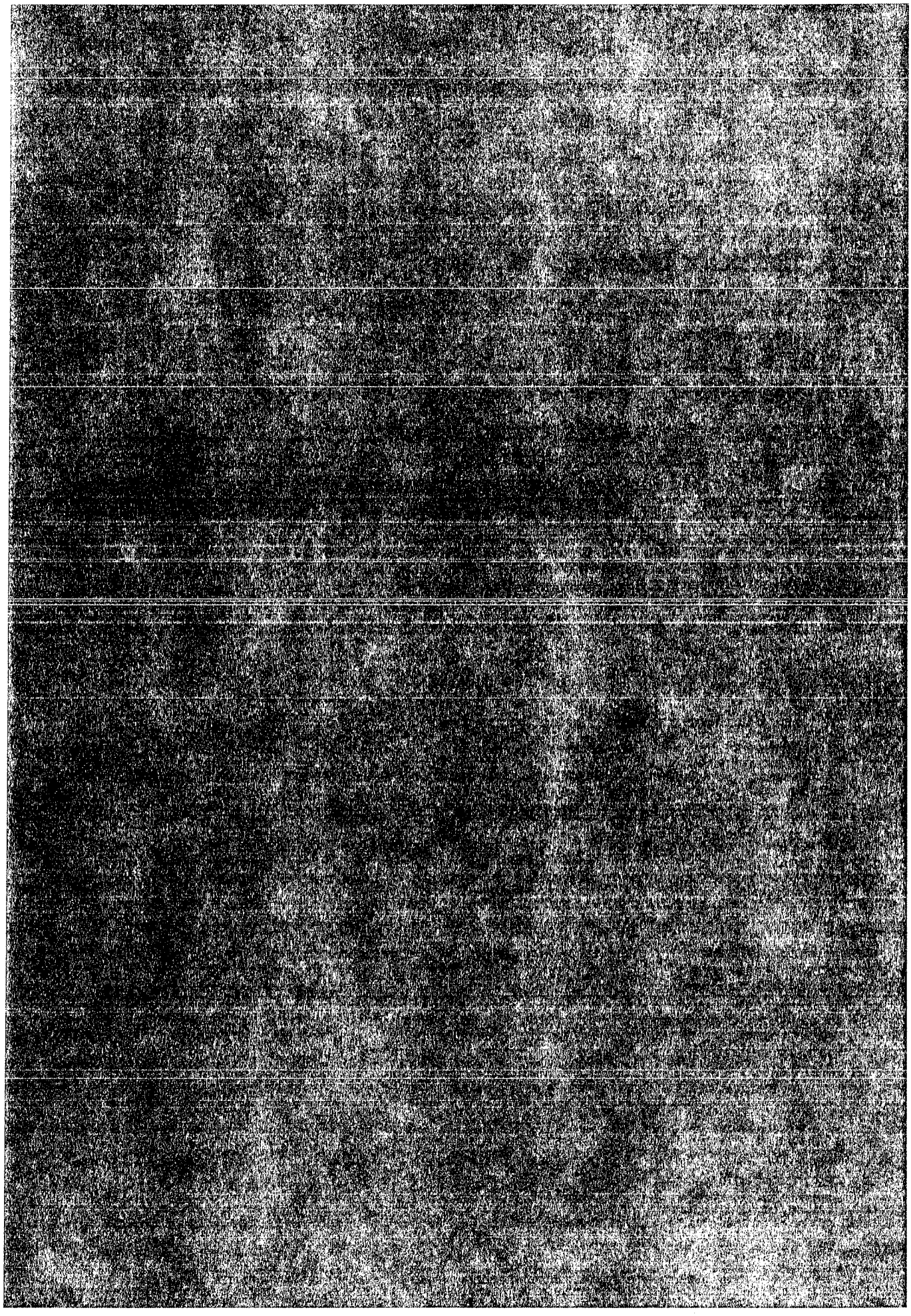
None.

Appendix 2

TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL PERIODS

(Arts. 133, 135 and 148 of the Commercial Companies Decree)

Nature of indications	2010	2009	2008	2007	2006
1 - Capital at end of period					
a) Share capital	**46,851,276**	46,851,276	46,851,276	46,851,276	46,561,500
b) Number of common shares outstanding	**3,904,273**	3,904,273	3,904,273	3,904,273	3,880,125
c) Numbers of future shares to be created					
- by conversion of bonds	-	-	-	-	-
- through the exercise of subscription rights	-	-	-	-	28,776
2 - Transactions and earnings for the period					
a) Revenue net of tax	**155,223,584**	149,235 172	131,686,007	124,376,523	120,454,566
b) Earnings before tax, profit sharing, depreciation and provisions	**63,711,712**	69,291,903	84,703,295	111,919,505	145,214,677
c) Tax (tax credit) on profits	**(327,452)**	72,133	1,383,064	5,225,709	2,401,092
d) Employee profit sharing for the year	-	(48,482)	272,585	484,000	-
e) Earnings after tax, profit sharing, depreciation and provisions	**20,490,765**	19,126,756	46,331,263	105,514,855	45,524,327
f) Distributed earnings	-	19,326,151	50,365,122	105,415,371	49,005,979
3 - Earnings per share					
a) Earnings after tax, but before allocations	**16,40**	17,74	21,27	27,20	36,81
b) Earnings after tax and allocations to depreciation and provisions	**5,25**	4,90	11,87	27,03	11,73
c) Dividend paid on each share (Net dividend)	-	4,95	12,90	27,00	12,63
4 - Staff					
a) Average numbers employed	**1,186**	1,122	975	903	829
b) Payroll	**74,251,465**	70,075,822	64,568,536	56,713,232	54,774,467
c) Amounts paid in welfare benefits (Social Security, company benefits, etc...)	**33,356,699**	30,770,383	27,955,068	26,042,042	23,918,016



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A. Key figures for the Group

(€ million)	2010	2009 restated(*)	2009 published
Revenue	**3,978**	-	3,424
Revenue net of sub-contracting	**3,857**	-	3,316
Recurring EBITDA	**213**	-	194
EBITDA	**200**	-	185
Profit from continuing operations	**109**	-	102
Operating profit	**106**	-	84
Profit after tax from continuing operations	**51**	-	43
Profit attributable to equity shareholders	**44**	-	40
Total equity	**166**	140	140
of which attributable to equity shareholders	***153***	*134*	*134*
Dividends received (distributed)	**(20)**	(51)	(51)
Net cash flows from operating activities	**154**	264	261
Industrial investments	**(122)**	(177)	(182)
Financial investments	**(11)**	(30)	(30)
Net financial debt (Cash surplus)	**2**	**16**	**16**

(*) Figures restated in accordance with the change of method described in Note 10.

2 CONSOLIDATED FINANCIAL STATEMENTS

B. Consolidated financial statements

1. STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	2010	2009 published
Revenue		**3,978**	3,424
Other income from operations		**4**	3
Income from continuing operations	2.4.21	**3,982**	**3,427**
Sub-contracting		**(121)**	(108)
Purchases consumed and external expenses		**(1,621)**	(1,361)
Taxes		**(15)**	(33)
Staff costs, incentive schemes, profit-sharing	4.1	**(1,982)**	(1,723)
Other operating income and expense		**(14)**	2
Net provisions on current assets		**-**	1
Net depreciation and other provisions charged		**(130)**	(116)
Profit (loss) on non recurring fixed asset disposal	4.2	**2**	4
Amortisation of grants received		**8**	9
Income from continuing operations	2.4.23	**109**	**102**
Other non-recurring income and expense	4.3	**(12)**	(10)
Structural effects recognised directly in income	4.3	**-**	-
Profit (loss) on non recurring fixed asset disposal	4.2	**1**	1
Depreciation and provisions on non recurring items	4.3	**8**	(9)
Operating profit	2.4.24	**106**	**84**
Gross cost of financial borrowing		**(11)**	(12)
Income from deposits of cash and cash equivalents		**2**	7
Profit (loss) on disposal of financial assets		**1**	(1)
Other financial income and expense		**1**	3
Financial income/(expense)	2.4.26	**(7)**	**(3)**
Profit before tax and associates		**99**	**81**
Profit/(loss) from associates	4.5	**-**	-
Taxation	4.6	**(48)**	(38)
Profit after tax from continuing operations		**51**	**43**
Profit (loss) net of tax from operations discontinued or being held for disposal		**-**	-
Profit for the year		**51**	**43**
Profit attributable to non controlling interests		**(7)**	(3)
Profit attributable to Group		44	40

2. STATEMENT OF NET PROFIT FOR THE YEAR AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(€ million)	2010	2009
Net profit for the year	**51**	**43**
Foreign exchange translation differences and currency fluctuations	**1**	2
Underlying value of futures and options contracts, net of deferred tax	**1**	7
Actuarial gains (losses) on pensions, net of deferred tax	**(8)**	(2)
Total gains and losses recognised directly in equity	**(6)**	**7**
Net profit for the year and gains and losses recognised directly in equity	45	50
of which, attributable to:		
Shareholders of Keolis S.A.	**38**	46
Non controlling interests[1]	**7**	4

(1) The share of income attributable to non controlling interests in the statement of comprehensive income is presented in liability in the statement of financial position due to repurchase commitments by Keolis (See. note 2.4.5.).

2 CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF FINANCIAL POSITION

Assets

(€ million)	Note	At 31 December 2010	2009 restated(*)
Goodwill	5.1	**202**	207
Other intangible assets	5.2	**121**	118
Property, plant and equipment	5.3	**448**	449
Investments in associates		**1**	1
Investments	5.5	**4**	4
Other non-current financial assets	5.5	**41**	29
Deferred tax asset	5.6	**31**	31
Non-current assets		**848**	**839**
Inventories and work in progress	5.7	**65**	58
Trade receivables	5.8	**342**	295
Other receivables	5.8	**231**	207
Other current financial assets	5.5	**31**	25
Cash and cash equivalents	5.9	**384**	357
Current assets		**1,053**	**942**
TOTAL ASSETS		1,901	1,781

(*) Figures restated in accordance with the change of method described in Note 10.

Liabilities

(€ million)	Note	At 31 December 2010	At 31 December 2009 restated(*)
Share capital		**47**	47
Reserves and share premium		**62**	47
Net profit (loss) attributable to equity shareholders		**44**	40
Equity attributable to equity shareholders	5.10	**153**	**134**
Reserves attributable to non controlling interests		**6**	3
Profit for the year attributable to non controlling interests		**7**	3
Equity	5.10	**166**	**140**
Provisions for non-current contingencies and losses	5.14	**103**	87
Non-current financial debt	5.11	**214**	218
Deferred tax liability	5.6	**41**	37
Non-current liabilities		**358**	**342**
Provisions for current contingencies and losses	5.14	**33**	48
Current financial debt	5.11	**72**	72
Bank borrowings	5.9	**153**	126
Customer deposits and advances received	5.15	**37**	30
Trade and other payables	5.15	**461**	411
Other current operating liabilities	5.15	**621**	612
Current liabilities		**1,377**	**1,299**
TOTAL LIABILITIES		1,901	1,781

(*) Figures restated in accordance with the change of method described in Note 10.

CONSOLIDATED FINANCIAL STATEMENTS

4. STATEMENT OF CHANGES IN EQUITY

(€ million)			Gains and losses recognised directly in equity				Total
At 31 December 2008 (published)	**47**	**3**	**(17)**	**104**	**137**	**1**	**138**
Impact of IFRIC 12	-	-	-	-	-	-	-
At 31 December 2008 (restated)	**47**	**3**	**(17)**	**104**	**137**	**1**	**138**
Net profit for the year	-	-	-	40	40	3	**43**
Dividends paid	-	-		(50)	(50)	(1)	**(51)**
Gains and losses recognised directly in equity	-	-	6	-	6	1	**7**
Purchases of non controlling interests and other movements	-	-	-	1	1	2	**3**
At 31 December 2009	**47**	**3**	**(11)**	**95**	**134**	**6**	**140**
Net profit for the year	-	-	-	44	44	7	**51**
Dividends paid	-	-	-	(19)	(19)	-	**(19)**
Gains and losses recognised directly in equity	-	-	(7)	1	(6)	-	**(6)**
Purchases of non controlling interests and other movements	-	-	-	-	-	-	**-**
At 31 December 2010	47	3	(18)	121	153	13	166

5. STATEMENT OF CASH FLOWS

(€ million)	Note	2010	2009 restated(*)
EBITDA	4.4	**200**	**185**
(Increase) decrease in working capital requirements		**(3)**	115
Corporate income taxes		**(43)**	(36)
Net cash flow from operating activities		**154**	**264**
Non-current assets acquired		**(122)**	(177)
Proceeds from non-current assets disposed of	4.2	**27**	45
Investment grants received		**7**	29
New concession financial assets (IFRIC 12)		**(8)**	(8)
Financial investments		**(11)**	(30)
Proceeds from disposal of financial assets		**2**	7
Net cash flow used in investing activities		(105)	(135)
Free cash flow		**49**	**129**
Interest received		**2**	6
Interest paid		**(11)**	(12)
Other		**-**	2
Net dividends paid and received		**(20)**	(51)
Change in shareholders' equity		**-**	5
New borrowings	5.11	**104**	25
Borrowings repaid	5.11	**(137)**	(44)
Change of other financial debts	5.11	**-**	-
Net cash flows on financing activities		(61)	(69)
Foreign exchange translation differences		11	10
Net increase (decrease) in cash and cash equivalents		**(1)**	**70**
Cash and cash equivalents at beginning of period	5.9	**232**	163
Cash and cash equivalents at end of period	5.9	**231**	232
Increase (decrease) in cash position		**(1)**	**70**

(*) Figures restated in accordance with the change of method described in Note 10.

2 CONSOLIDATED FINANCIAL STATEMENTS

C. Notes to the consolidated financial statements

1. GENERAL INFORMATION

The activity of the Keolis S.A. group and its subsidiaries ("Keolis" or "the Group") is multimodal passenger transport. Keolis operates in 9 European countries and in Canada, Australia and the United States (Washington) as a licensed public service operator, operator of rail franchises or long-term contracts.

Keolis S.A., the head company of the Group, is a *société anonyme* (public limited company) registered and domiciled in France, having its head office at 9, rue de Caumartin, Paris 9th.

The consolidated financial statements of the Keolis group for the financial year ended 31 December 2010 were closed by the Board of Directors on 4 March 2011.

The accounts of the Keolis S.A. group are fully consolidated into those of GROUPE KEOLIS S.A.S..

2. MAIN ACCOUNTING POLICIES

2.1 Basis for preparing disclosures

The opening financial statements (2009) have been restated to present comparable annual consolidated statements given the first-time application of IFRIC 12. The transition between the statements published in 2009 and the statements restated in accordance with the application of IFRIC 12 is presented in Note 10.

The Group's consolidated financial statements for the financial year 2010 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm #adopted-commission

The consolidated financial statements drawn up as at 31 December 2010 are presented in millions of euros unless otherwise indicated.

In the absence of securities admitted for trading on a regulated market, the Group chose not to publish information on earnings per share (IAS 33), or information about operating segments (IFRS 8).

The assets and liabilities in the Group's consolidated financial statements are measured and recognised according to various measurement bases authorised by IFRS, primarily the historical cost basis of accounting, with the exception of derivate (financial) instruments and financial assets held for trading or classified as AFS (available for sale), which are measured at fair value.

Capital assets and groups of assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

2.2 Changes in accounting principles

Application of standards, amendments to standards and interpretations that became mandatory on 1 January 2010:

- revised IFRS 3 "Business combinations" applicable to acquisitions of controlling interests occurring on or after the opening date of the first annual period starting on or after 1 July 2009, i.e., on 1 January 2010 with respect to Keolis S.A.. This standard introduces changes to the accounting treatment of the controlling interests of subsidiaries. It was approved by the European Commission in June 2009. As the application is forward looking, business combinations made in 2010 were recognised according to the principles described by the standard. (see 2.4.3 Business combination);
- revised IAS 27 "Consolidated and separate financial statements" applicable to the accounting treatment, not covered by the aforementioned standards and interpretations, deals with changes of percentages of interests occurring on or after the opening date of the first annual period starting on or after 1 July 2009, i.e., 1 January 2010 for Keolis S.A.. (see 2.4.3 Business combination);
- IFRIC 12 "Service Concession Arrangements" was published in November 2006 and approved by the European Union on 26 March 2009. The application of this interpretation is mandatory for annual periods starting on or after 1 January 2010 and applies to arrangements in force on that day (see 2.4.6 Concession assets);
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" applicable to annual periods starting on or after 1 July 2009. This interpretation describes the conditions required to be able to apply hedge accounting when an entity hedges foreign exchange risk resulting from its net investments in a foreign operation as well as the amounts to reclassify from equity to comprehensive income in the event of the disposal of an activity;
- amendments to IAS 39 "Financial instruments: Recognition and measurements – Elements eligible for hedging" are aimed at clarifying in certain situations if a risk or part of hedged cash flow is eligible for hedging. These amendments are applicable to annual periods started on or after 1 July 2009, i.e., 1 January 2010 with respect to the Group;

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- IFRIC 15 "Agreements for the Construction of Real Estate". This interpretation concerns the construction of real estate treated in standard IAS 11, agreements for construction and IAS 18, revenue;
- IFRIC 17 "Distributions of Non Cash Assets to Owners";
- IFRIC 18 "Transfers of Assets from Customers";
- 2008 improvements (amendments to IFRS 5);
- 2009 improvements (amendments to IFRS 2, IAS 38 and IFRIC 9).

Except for the application of IFRIC 12, the Group has not observed any material impact in the implementation of these new standards.

Standards, amendments of standards and interpretations without early application

Keolis S.A. did not opt for the early application of the following standards, amendments to standards and interpretations adopted by the European Union:

- amendment to IAS 32 Classification of rights issues;
- revised IAS 24 Related Party Disclosures: "Related party disclosures" is applicable to annual periods starting on or after 1 January 2011. The amendment clarifies the definition of a related party and sets out special dispensations on disclosures by public entities.
- IFRIC 19 Extinguishment of financial liabilities with equity instruments;
- amendments of IFRIC 14 Prepayments of a minimum funding requirement.

Keolis S.A. did not opt for the early application of the following standards, amendments to standards and interpretations adopted by the European Union:

- IFRS 9 Financial Instruments;
- amendments to IFRS 7 - disclosures - transfers of financial assets;
- amendments to IFRS 1 - Severe Hyperinflation and Removal of fixed dates for First-Time Adopters;
- amendments to IAS 12 - Deferred tax: recovery of underlying assets;
- improvement to IFRS (May 2010).

2.3 Use of Management estimates in the application of the Group's accounting standards

In order to draw up the Group's accounts in accordance with the conceptual framework of IFRS, management must make estimates and assumptions affecting the amounts stated in the financial statements. Management has to revise such estimates in the light of changes to the circumstances on which they are based or further to new information. Management also has to exercise judgement in how accounting policies are applied. As a result, future estimates may be different from those adopted at 31 December 2010.

The estimates and assumptions mostly concern the terms of contractual relations, asset impairment tests as well as provisions, especially provisions for pensions and disputes.

Finally, in the absence of standards or interpretations applicable to a specific transaction, Group management must use its best judgement to define and implement accounting policies that provide the most relevant and reliable information, to ensure that the financial statements:

- present a true and fair view of the Group's financial position and cash flows;
- reflect the underlying economic reality of the accounts;
- are unbiased;
- are conservative;
- and are complete in all material respects.

2.4 Accounting principles

2.4.1. Method of consolidation

Subsidiaries are fully consolidated

All Keolis S.A. subsidiaries are companies that are directly or indirectly controlled by the Group, in other words, it has the power to set financial and operating policies with a view to deriving benefits from their activities. The Group's consolidated financial statements include the assets, liabilities, revenues and expenses of the said companies.

Exclusive control is presumed to exist when Keolis S.A. directly or indirectly holds more than 50% of the said companies' voting rights. In ascertaining whether there is control, account is taken of potential voting rights, whether immediately exercisable or convertible, including those held by another entity, in accordance with IAS 27 "Consolidated and separate financial statements".

Ad hoc companies substantially controlled by Keolis S.A. and in which the Group has no equity interest are considered as subsidiaries of the Group.

Joint ventures are proportionally consolidated

Companies operated jointly with a limited number of partners and in which Keolis S.A. exercises joint control under contractual agreements are proportionally consolidated. The Group's consolidated financial statements include the Group's share of the assets, liabilities, revenue and expenses of such companies.

Associates are consolidated by the equity method

Companies in which Keolis S.A. exerts significant influence without exercising control are recognised according to the

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equity method. Significant influence is presumed when Keolis holds upwards of 20% of the voting rights.
Interim financial statements are used for companies whose financial year does not end on 31 December.

Transactions eliminated in the consolidated financial statements
Transactions between consolidated companies are eliminated up to their percentage holding reflected in the consolidated financial statements. Losses on transactions between consolidated companies that are indicative of value impairment are not eliminated.

2.4.2. Translation of foreign subsidiaries' transactions and financial statements
The Group's consolidated financial statements are presented in euros, which is the parent company's functional and reporting currency.

Translation of foreign subsidiaries' financial statements
The financial statements of consolidated foreign subsidiaries whose functional currency is different from the euro, are translated on the following bases:
- assets and liabilities are translated at the official exchange rates prevailing at the year-end date;
- revenues and expenses are translated at the average rate for the period, unless exchange rates fluctuate significantly; which is regarded as approximating the exchange rates at the dates of the transactions;
- the resulting foreign exchange translation differences are recognised in consolidated equity under the item "foreign exchange translation reserves".

Translation of foreign currency transactions
The functional currency of Group companies is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currency at the exchange rate prevailing at the transaction date.
At the reporting date, monetary assets and liabilities denominated in foreign currency are converted into euros at the year-end exchange rate. The corresponding exchange rate differentials are recorded in financial income in the statement of comprehensive income.

2.4.3. Business combination
Business combination is understood as obtaining or losing control. Upon acquisition of controlling interests, the acquirer recognises the fair value of assets, liabilities and identifiable contingent liabilities of the acquired company and also recognises goodwill.

Non controlling interests are recognised according to the following options for each combination:
- either based on their share in the fair value of assets and liabilities (so-called partial goodwill method);
- or at fair value, in other words with goodwill allocated to the latter (so-called complete goodwill method).

The subsequent acquisition of non controlling interests is recognised in equity regardless of the option.

Acquisition costs are no longer posted to assets but expensed for the year.

In the event of controlling interests acquired in stages, the percentage held prior to the control is booked in income.

Commitments linked to earnout clauses are measured at their fair value.
Adjustments to cash earnouts or other assets during the appropriation period (12 months) must be analysed in order to determine:
- if the adjustment is linked to new factors occurring since the acquisition of control: adjustment through income;
- if the adjustment is the result of new information collected enabling fine-tuning of the measurement on the takeover date: adjustment to the acquisition price.

The subsequent change in the debt corresponding to the earnout beyond the appropriation period is booked in income.

After the takeover, acquisitions/ disposals without loss of control are treated as transactions between shareholders and therefore directly through equity.

2.4.4. Goodwill
Goodwill on acquisition represents the excess of the cost of an acquisition over the share acquired by the Group of the fair value of the assets, liabilities and identifiable contingent liabilities of the acquired entity on the date of acquisition.

The goodwill recognised for an associate is included in the value of the capital holding in it under the statement of financial position heading "Investments in associates."

Corrections or adjustments may be made to the fair value of assets, liabilities and contingent liabilities acquired within twelve months of acquisition, with a resulting retrospective correction made to goodwill.

Goodwill is tested for impairment every year, or more frequently when events or changes in circumstances indicate possible impairment (cf. 2.4.9).

In accordance with paragraph 80 of IAS 36, acquisition goodwill is apportioned to cash generating units (CGUs) or groups of such units that are liable to benefit from the synergies gained from such combinations under the procedures set out in note 2.4.7.

Any recognised impairments are posted to operating loss, and cannot be reversed.

Goodwill cannot be amortised under IFRS.

2.4.5. Buyout commitments relating to the non controlling interests of a subsidiary

The Group has opted for the following accounting treatment.

The Group has given promises to non controlling shareholders and certain fully consolidated subsidiaries to buy out their shares. This is the case in France and in Canada.

These buyout commitments (firm or conditional) of profits attributable to non-controlling interests are recognised in financial debts against a reduction of these profits attributable to minorities.

Where the value of the commitment exceeds the amount of profits attributable to non-controlling interests, the balance is recognised as additional goodwill. The fair value of non controlling interest buyout commitments is reviewed at each financial accounting period end. The corresponding financial liability is adjusted, with a corresponding adjustment to the related goodwill. This provision still applies to puts issued before the application date of IFRS 3 R. For puts issued after that date, the change in valuation will be booked against equity.

2.4.6. Service concession arrangements

Presentation of the IFRIC 12 interpretation

An arrangement is included in the scope of interpretation of IFRIC 12, where the assets used to carry out the public service are controlled by the grantor. Control is presumed when the two conditions below are met:

- the grantor controls or regulates the public service, i.e. it controls or regulates the services that must be rendered, through the infrastructure covered by the concession and determines to whom and at what price the service shall be rendered; and
- the grantor controls the infrastructure, i.e., the right to resume possession of the infrastructure at the end of the contract.

Pursuant to the interpretation of IFRIC 12, in this case, the operator cannot report the infrastructures used as property, plant & equipment on its balance sheet, but rather as an intangible asset ("intangible asset model" and/or a financial asset ("financial asset model") according to the level of compensation commitment granted by the grantor:

- the "intangible asset model" applies when the operator receives a right to charge users for the public service and where the operator receives cash payment from the user which means that the operator bears a financial risk;
- the "financial asset model" applies when the operator obtains an unconditional right to receive cash or other financial asset, either directly from the grantor or indirectly through guarantees given by the grantor on the amount of cash payments from users of the public service. The remuneration is independent of the extent to which the public uses the infrastructure.

Financial asset model

In the context of concession services, the operator receives an unconditional right if the grantor gives it a contractual guarantee to pay:

- specified or determinable amounts in the contract or
- the shortfall, if any – between the amount received from users of the public service and specified or determinable amounts in the contract.

Financial assets stemming from the application of the IFRIC 12 interpretation are recorded in the statement of consolidated financial position under Other non-current financial assets detailed in Note 5.6 and under the heading "Other non-current financial assets". They are recognised at amortised cost.

Remuneration of the claim is booked as operating revenue.

Intangible asset model

The intangible asset model applies when the operator is paid by users or does not receive any contractual guarantee from the grantor on the amount to be collected. The intangible asset corresponds to the right granted by the grantor to the operator to charge users for the public service.

Intangible assets resulting from the application of the IFRIC 12 interpretation are booked in the statement of consolidated financial position under the heading "Other intangible fixed assets" detailed in Note 5.2. These assets are amortised on a straight line over the term of the contract.

Mixed or bifurcation model

The application of the financial asset model or the intangible asset model depends on whether the grantor has given the operator any guarantee of payment.

Nevertheless, certain contracts may include a payment commitment from the grantor which partially covers the investment, with the balance covered through fees collected from users.

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In this case, the amount guaranteed by the grantor is recognised as a financial asset and the balance as an intangible asset.

Lessee model
This model concerns the case of fees paid by the operator to the Public Transport Authority or to a related party, for the provision of the assets used in the context of the concession arrangement.

Substantially, fee payments correspond to the costs of acquiring the right to receive cash from users. These fees then fall under the scope of IFRIC 12 and must be recognised as follows.

A financial receivable and/or intangible asset, depending on the remuneration set out in the arrangement, should be recognised against a financial liability, presented in the balance sheet under other operating liabilities. This financial liability corresponds to the fair value of contractual payments (namely the fees).

This analysis made at Group level has led us to identify arrangements falling within the scope of IFRIC 12 and having significant impacts in the financial statements. These impacts are presented in the enclosed notes and specifically in Note 10.

In Australia, due to ongoing discussions with the Public Transport Authority, intended to clarify certain aspects of the contractual framework, the Group did not recognise concession assets and liabilities or lease payments and revenue for rolling stock as at 31 December 2009 and 31 December 2010.

2.4.7. Intangible assets excluding goodwill
Intangible assets are shown in the statement of financial position at their acquisition cost net of the accumulated amortisation and accumulated losses in value.

Intangible assets mainly consist of patents, licences, trademarks, processes, rights under contracts, pension plan assets, software and concession assets.

When contracts are awarded, the Group capitalises the costs that match the identification criteria defined in IAS 38, and that are incurred between the date when the contract is awarded and the date when the operation actually starts up.

When the Group completes an acquisition, the contractual relationship between the acquired company and its client (the public transport authority) is assessed at fair value and recognised separately from the goodwill as a contractual right that must satisfy the qualifying criteria of IAS 38 and IFRS 3.

Where their useful life is defined, intangible assets are amortised on a straight-line basis over periods corresponding to their expected useful life. The amortisation method and useful lives are revised at least each financial year. The estimated useful lives are as follows:
- contractual rights: two to twenty years, corresponding to their estimated useful life, allowing for a contract renewal rate when the Group has a high renewal rate in the CGU concerned;
- software: over a period of one to five years;
- concession assets amortised over the term of the contract (see note 2.4.6).

Since the Group's trademarks (Keolis, Orléans Express, Busslink, City trafik, eurobahn, Eurobussing) have an indefinite useful life, they are tested for impairment annually, or more frequently where value impairment is indicated.

2.4.8. Property, plant and equipment
The expenditure on property, plant and equipment of Keolis S.A. is recognised as an asset at its acquisition cost where it satisfies the following criteria:
- it is likely that the future economic benefits relating to the asset will fall to Keolis S.A.,
- the cost of the asset can be reliably ascertained.

Property, plant and equipment are shown in the statement of financial position at their acquisition cost less the accumulated depreciation and accumulated losses in value. The cost includes the asset's purchase or production cost and all the costs directly incurred in making it usable.

Items of property, plant and equipment cease to be recognised as assets when they are derecognised (through disposal or retirement), or when no future economic benefit is expected from their use or disposal. Any gain or loss arising from the derecognition of an asset from the statement of financial position (the difference between the net income from disposal and the carrying value of that asset) is recognised in the statement of comprehensive in the financial year of its retirement.

Given the nature of the Group's business, the mission of the different subsidiaries or joint ventures does not include holding investment property assets.

Subsequent expenditure
Subsequent expenditure incurred in replacing property,

plant or equipment is recognised under PPE only if it satisfies the foregoing general criteria.
Otherwise, such expenditure is recognised in the statement of comprehensive income as and when incurred.

The Group has identified components of capital assets. These have useful lives similar to the main asset to which they relate, and are therefore not separately accounted for. Through its public passenger transport activity, Keolis S.A. incurs multiyear expenditure on major repairs for its light rail (underground railway, tramway) and railway rolling stock. Since these assets were provided by local government authorities, they are not recognised separately as components under assets, and expenditure on major repairs is provisioned when there is a contractual liability at the year end.

Depreciation
The residual values and useful lives of the assets are reviewed and, where applicable, adjusted annually or whenever lasting changes arise in operating conditions.
To date, the residual values at the end of the useful life are regarded as immaterial.

Land is not depreciated. Other tangible assets (property, plant and equipment) are depreciated according to the straight line method. The estimated useful lives are as follows:

Buildings	**15 - 20 years**
Equipment and tooling	**5 - 10 years**
Office equipment and furniture	**5 - 10 years**
Vehicles:	
New vehicles:	
• Light cars	5 years
• Utility vehicles (gross vehicle weight < 3.5 tonnes)	5 years
• Trailers	8 – 9 years
• Coaches and buses	10 – 15 years
Rolling stock	**15 - 20 years**
Second-hand vehicles	**2 - 14 years**

Leases
For the purposes of its activity, Keolis S.A. uses assets made available to it under lease arrangements. Such contracts, including those falling within the scope of IFRIC 4 "Determining Whether an Arrangement Contains a Lease", are treated as finance leasing contracts if they transfer to Keolis S.A. virtually all the risks and benefits inherent in the ownership of the leased or rented assets which, in that case, exhibit the characteristics of an acquisition. An asset acquired by the Group under a finance lease is recognised at fair value on the date the contract is signed or, if lower, at the present value of the minimum lease payments under the lease. The corresponding liability is recognised as a financial liability. The recognised asset is amortised over its useful life using the method described earlier. Further to an analysis of the IFRIC 4 interpretation (which came into force on 1 January 2006), Keolis S.A. has not identified any agreement containing or constituting a lease, i.e. an agreement the performance of which is subject to the use of one or more specific assets, or an agreement conferring a right to use such asset or assets.
Consequently, no adjustment was made to the financial statements under IFRIC 4.

Investment grants
Government grants wholly or partly covering the cost of investing in an asset are recognised as "Other current operating liabilities" and systematically written down in the statement of comprehensive income over the useful lives of the assets concerned.

2.4.9. Impairment of capitalised assets and non-financial assets
Keolis performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be depreciated.

For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

The CGUs (Cash Generating Units) represent the smallest group of assets generating cash flows largely independently of other asset groups. Such units or groups of units correspond to the divisional management units and major networks in France and internationally mainly to individual foreign countries.
For testing purposes, the assets are aggregated within CGUs in accordance with IAS 36 'Impairment of Assets'. For divisional management units and major networks goodwill impairment tests are performed within the France CGU group.

These tests compare the net carrying amount of assets with their recoverable amount, which is the higher of the fair value less the potential sales costs and the value in use of the asset. In the absence of any fair value observable on an organised market, the recoverable value of the CGUs is determined on the basis of their value in use.

The carrying amount of each asset group tested was compared with its value in use defined as the sum of the net cash

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flows as arising from the latest forecasts for each of the CGUs, drawn up according to the main assumptions and procedures set out below:

- medium-term plan and budgets over a 4-year timeframe, drawn up by Management on the basis of growth and profitability assumptions taking account of past performance, foreseeable developments in the economic environment and the expected development of markets;
- extrapolation of the net cash flow of the last year of the plan on the growth assumptions stated below, over the estimated lifespan of the contract;
- discounted future value of cash flows as arising from these plans at a rate determined using the weighted average cost of capital (WACC) of Keolis S.A..

In 2010, there was no indication of impairment.

The main assumptions adopted for the impairment tests are as follows:

Discount rate
The discount rate used is determined on the basis of the average cost of capital, reflecting current assessments of the time value of money and the risks inherent in the asset tested.

The weighted average cost of capital is determined by cross-checking two methods: the "Capital Asset Pricing Model" (CAPM) and the weighted average cost of capital for comparable listed companies. Given these parameters, the cost of capital used to discount future cash flows was 6.8% in 2010 identical to 2009.

These discount rates are post-tax rates applied to cash flows after tax. Use of those rates results in the determination of recoverable amounts identical to those obtained using pre-tax rates applied to untaxed cash flows as required by IAS 36.

Long-term growth rate
The rates adopted for the main cash-generating units or groups of such units were as follows:

	2010	2009
France	**2.0%**	2.0%
Great Britain	**2.0%**	2.0%
Denmark	**2.0%**	2.0%
Canada	**2.0%**	2.0%
Belgium	**2.0%**	2.0%
Other countries	**2.0%**	2.0%

The impairment tests of assets with indefinite useful lives led to no recognition of any value impairment.

Value impairment is recognised in the statement of comprehensive income if the carrying amount of a cash-generating unit or group of such units is greater than its recoverable amount. The value impairment is allocated first to the goodwill apportioned to the CGU or CGU group tested, then to the other assets of the CGU or CGU group in proportion to their carrying amount.

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero.

Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other tangible and intangible assets.

In the event of an impairment loss being reversed, the asset's carrying amount is capped at the carrying amount that would have been determined net of any depreciation or amortisation that would have been charged if no value impairment had been recognised in prior periods. When an impairment loss or a write-back of an impairment loss has been recognised, the depreciation charge is adjusted for future periods so that the adjusted carrying amount of the asset, less its residual value if any, is spread systematically over the remaining useful life.

Sensitivity of recoverable values
Sensitivity tests were conducted on groups of CGUs within a range of long-term growth rates or WACCs.

A 0.5 point decrease in the perpetuity growth rate leaves a positive margin between the value in use and the carrying amount of cash generating units.

A 0.5 point increase in the discount rate would result in generating a value in use for the Belgian CGU that is €1.5 million less than its net carrying amount.

2.4.10. Financial assets
Financial assets include securities available for sale and loans and receivables at amortised cost.

Purchases and sales of financial assets are recognised at the transaction date, the date on which Keolis S.A. agreed to the purchase or sale of the asset. On initial recognition, financial assets are recognised in the statement of financial position at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except

for the category of financial assets measured at fair value in the statement of comprehensive income, for which transaction costs are recognised directly in the statement of profit and loss).

Financial assets are derecognised whenever entitlements to future cash flows have expired or are transferred to a third party, and Keolis has transferred virtually all the risks and benefits or the control of such assets. Financial assets the maturity (or intended holding period) of which exceeds one year are recognised under "Other non-current financial assets".

On the date of initial recognition, according to the purpose for which the asset is acquired, Keolis S.A. classifies the financial asset in one of the four accounting categories specified by IAS 39, "Financial Instruments: *Recognition and Measurement*". The Group does not use the "Held-to-maturity investments" category.

Financial assets at fair value, recognised in profit or loss
These are financial assets acquired by the Group with the intention of selling them in the short term.

Derivative financial instruments are also classified as held for trading unless they are designated, effective hedging instruments. They are measured at fair value and their subsequent fair value changes are recognised in the statement of comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets the payment of which is fixed or determinable and that are not listed on a regulated market. These assets are recognised according to the amortised-cost method, using the effective interest rate method. An impairment loss is recognised whenever the estimated recoverable amount is below the carrying amount.
This category includes operating receivables, deposits and guarantees, loans, as well as concession financial assets.

Available for sale (AFS) assets
These are non-derivative financial assets designated as being available for sale, and not falling within the other categories. They are measured at their fair value in the statement of financial position; changes in value are recognised directly in equity. When available-for-sale financial assets are sold, or there is objective indication of impairment, any changes in fair value that have been recognised directly under equity are transferred to the statement of comprehensive income.

For listed securities, fair value is equal to market price; for unlisted securities, reference is made to recent arm's-length transactions made between informed and willing parties, or to a technical measurement based on reliable, objective information consistent with the other estimates used by other market operators or using discounted cash flow analysis. However, when the fair value of a security cannot reasonably be estimated, in the last resort it is carried at historical cost.

The Group does not currently possess any listed securities. This category consists mainly of shareholdings.

Impairment of financial assets
Impairment is recognised on a financial asset or group of financial assets where there is an objective indication of impairment arising from one or more events that have occurred since the initial recognition of the asset, and such impairing event has an impact on the estimated future cash flows from the financial asset or group of financial assets, and if its carrying value is higher than its estimated recoverable value.

2.4.11. Inventories
Inventories consist mainly of consumables and miscellaneous goods or supplies used for the maintenance and upkeep of vehicles or intended for resale.

These inventories are valued at purchase cost. Impairment is recognised to reduce the purchase cost (determined using the weighted average price method or the FIFO (First-in, First-out) method) to the net realisable value if lower. Pursuant to IAS 2, the net realisable value is the estimated sale price in the normal course of business, less the estimated cost for completion and fulfilment of the sale.

2.4.12. Trade and other receivables
Trade receivables and receivables from other debtors are initially recognised at their fair value which, in most cases, is the nominal value given the generally short payment times. The carrying amount is subsequently valued at the amortised cost using the effective interest rate method, less any impairment allowances.

Short-term receivables with no declared interest rate are recognised at the nominal amount unless discounting at the market rate would have a significant impact.

If there is an objective indication of impairment or a risk that Keolis S.A. may be unable to collect all the contractual amounts (principal plus interest) on the date set in the contractual payment schedule, an impairment loss is recog-

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nised in the statement of comprehensive income. This allowance is equal to the difference between the carrying amount and the estimated recoverable future cash flows, discounted at the original effective rate of interest.

2.4.13. Cash and cash equivalents

This item includes cash, sight deposits and other short-term deposits as well as other easily convertible liquid instruments with negligible risk of changing value, maturing less than three months from the date of acquisition.

It also includes liquidity that is unavailable to the Group mainly as a result of contractual commitments, to maintaining levels of liquidity in the subsidiaries concerned (chiefly in the UK railway franchises).

2.4.14. Capital assets held for sale or discontinued activities

Capital assets or groups of assets held for sale are classified under separate headings in the statement of financial position as "Assets held for sale or of discontinued activities" and "Liabilities of discontinued activities or relating to capital assets held for sale", and are valued at the lower of their net carrying amount or their fair value net of disposal expenses. They cease to be amortised or depreciated as from the date of their classification in that category. If the sale exceeds the bounds of an identifiable asset and concerns a set of assets and liabilities of which Keolis S.A. intends to dispose in a single transaction, that set is classified as held for sale, without any netting of assets and liabilities. Moreover, when IFRS 5 criteria are satisfied at the end of the lapsed period, the net proceeds from the activities disposed of or being disposed of together with, where applicable, the net disposal proceeds and the value impairment arising from measurement of the assets at fair value net of disposal costs, are presented in the statement of comprehensive income under the heading "Net profit or loss net of tax on activities discontinued or being disposed of". In accordance with IFRS 5, the comparative profit and loss accounts for the earlier periods are restated, so that the results of the activities discontinued reflect for those periods the results for all the activities discontinued or being disposed of at the close of the latest elapsed period.

The Group had no discontinued business assets or assets held for sale at 31 December 2010.

2.4.15. Corporate income tax

GROUPE KEOLIS S.A.S., parent of the tax group, has opted for the tax consolidation system since financial year 2008. Other tax consolidation systems also exist in Europe. The effect of these systems is recognised in the statement of comprehensive income. Most of the French companies subject to corporate income tax and in which GROUPE KEOLIS S.A.S holds an equity interest of 95% or more are included in the tax consolidation Group.

The income tax expense or income includes the current tax expense or income and the deferred tax expense or income. Tax is recognised in the profit and loss account unless it relates to elements which are directly recognised under equity, in which case, the tax is recognised under equity.

Current tax is the estimated amount of tax due on the taxable profit for the period. It also includes adjustments to the amount of tax payable in respect of previous periods.

Deferred tax is calculated for each individual entity according to the asset liability approach, on the temporary differences between the carrying amount of the assets and liabilities and their taxation base, including assets of which Keolis has possession under finance lease agreements.

Measurement of deferred tax assets and liabilities depends on whether the Group expects to recover or to pay the carrying amount of the assets and liabilities, under the variable-carry-forward method, using the rates of taxation that were adopted or virtually adopted at the year-end date. A deferred tax asset is only recognised or maintained as an asset to the extent that the Group is likely to benefit from future taxable profits to which the related deductible temporary difference may be imputed.

In accordance with IAS 12 "Income Taxes", the value of deferred tax assets and liabilities is not discounted.

Deferred tax assets and liabilities are offset at the level of each tax entity where the entity realises the asset and settles the liability within the same period.

Keolis considered that the tax change in the French Financial Law voted on 30 December 2009 actually resulted in replacing the business tax ("taxe professionnelle") by two new different types of levies:

- the CFE, whose amount depends on the land rental values and which can where applicable, be capped at a percentage of the added value, presents significant similarities with the business tax and will therefore be recognised similarly to the latter in 2010 under operating expenses;
- the CVAE, which according to the Group's analysis meets the definition of an income tax as defined by IAS 12.2 ("taxes owed on the basis of taxable profits").

The CVAE is not considered a corporate income tax for companies which rebill the CVAE to the nearest euro to their Public Transport Authorities.

2.4.16. Financial debt and long term borrowings
All borrowings are initially recognised at fair value, less the related borrowing costs. Thereafter, they are recognised at amortised cost, using the effective interest rate method, with the difference between the cost and the redemption value recognised in the profit and loss account over the term of the borrowings.

The effective interest rate is the rate used to obtain the original carrying amount of a loan by discounting the future cash inflows or outflows over the loan's term. The original carrying amount of the loan includes the transaction costs of the operation and any issue premiums.

When a debt is extinguished early, any non-amortised costs are recognised as expenses.

2.4.17. Derivative financial instruments
The Group uses derivative financial instruments (interest rate options and swaps, foreign exchange forward contracts and options, commodities options and swaps) to hedge its exposure to three major risks.

Interest rate risks on its variable-rate debt
Interest rate risk is managed on a rolling 5 year timeframe. The management goal is to hedge against interest rate increases by preferably focusing on fixed-rate instruments.

In connection with the management of interest rate risk, all hedges set up, comprising firm instruments, put and call options and open positions are aimed at protecting the benchmark rate. The Group uses standard, liquid hedging instruments, namely:
- swaps;
- cap calls;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical collar;
- swaptions bought or sold to create a swaption collar.

Foreign exchange risk
The Group hedges loans or borrowings denominated in foreign currency and recorded in current accounts. The hedging instruments used are considered as trading instruments as defined by IAS 39.

Management's objective is to maintain a reference rate. The hedges comprise firm hedges and options.

The hedging instruments used are standard, liquid and market-available, namely:
- forward and futures sales and purchases;
- plain-vanilla options calls;
- option puts in combination with option calls to provide symmetrical or asymmetrical collars.

And against the risk of the price fluctuations of certain commodities required for its business operations
The Group needs to purchase substantial quantities of fuel for its business.

The energy price risk is hedged using price indexation included in the contracts signed by Keolis and its subsidiaries with their clients. For approximately half of its purchases, the Group assumes the risk for as long as the price rises are not passed on to its customers. This period is generally a few months to a maximum of 24 months. A hedging policy was instituted in 2005 to cover this partial exposure.
The objective is to defend the prices indexed under the contracts.

The Group hedges this raw materials risk using standard, liquid hedging instruments, namely:
- swaps;
- cap calls;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical collar.

Derivative instruments are initially measured at fair value. Changes in fair value are recognised in the comprehensive income statement as financial income and expenses except where those instruments are designated as hedging instruments. They are then measured and recognised in accordance with the hedging recognition criteria of standard IAS 39 "Financial instruments: Recognition and Measurement".

Hedge accounting applies if certain qualifying conditions are met, notably, the following:
- a clearly documented hedging relationship at the date when it is instituted, by general hedging documentation that describes Keolis S.A.'s risk exposure and hedging strategy, and
- the use of effectiveness testing to demonstrate the effectiveness of the hedging relationship prospectively and retrospectively at each reporting date. Effectiveness must be reliably measured and fall within 80% to 125%.

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2.4.18. Provisions

Provisions for pension and post-employment commitments (IAS 19)

The Group offers its employees various fringe benefits while they are in employment or after employment. These benefits arise under the legislation applicable in certain countries and under contractual arrangements concluded by the Group with its employees, and are either defined contribution plans or defined benefit plans.

(a) Defined contribution plans

Defined contribution plans are characterised by payments to organisations that discharge the employer from any subsequent obligation, with the organizations taking responsibility for paying the employee his entitlements. Hence, once the contributions are paid, no liability is reported in the Keolis S.A.'s financial statements.

(b) Defined benefit plans

Defined benefit plans refer to plans providing post-employment benefits other than defined contribution plans. Keolis S.A. has a duty to accrue provisions for the benefits to be paid to serving members of its staff, and to pay the benefits of former members of its staff. In substance, the actuarial and investment risks lie with the Group.

These plans mainly concern the following:

- pension commitments: pension annuity plans, retirement gratuities, other retirement commitments and additional pension benefits;
- other long term benefits: long service awards.

Commitments for pensions, additional pension benefits and retirement gratuities are measured using a method that takes account of the projected final end of career salaries (termed the Projected Unit Credit Method) on an individual basis, which is based on assumptions of discounting rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account. The measurement of these commitments takes account of the term of the contracts measured by country, and more specifically:

- 20 years for years for France (term of contracts taking into account the recognised average renewal rate);
- the term of the contract for the UK.

The value entered in the statement of financial position under "Staff Benefits and Other Long-term Benefits" is the difference between the discounted value of the future obligations and the fair value of the pension plan assets intended to cover them, possibly decreased by the cost of any past pension payments not yet amortised. Where the result of this calculation is a net commitment, an obligation is recognised as a liability in the statement of financial position.

Concerning the British Train Operating Companies (TOC), a market position was adopted for pension commitments under IAS 19:

- an asset item representing pension entitlements is recognised at the start of the franchise;
- the commitments are calculated over the current contract term. The value of both these items will be nil at the end of the contract.

This application is repeated whenever a rail franchise is renewed.

When calls for tenders are won in France, the asset representing pension rights recognised at the start of the franchise is determined on the basis of the amount of pension liabilities and other employee benefits over a period of 20 years.

Keolis S.A. has applied the amendment to IAS 19 since 1 January 2006. Accordingly, actuarial gains/losses relating to post employment benefits resulting from experience and changes in actuarial assumptions are recognised directly in equity in the year in which they are incurred and are offset against the increase or decrease of the obligation. They are set out in the statement of net income and gains and losses recognised directly in equity for the financial year.

Interest paid in respect of pension and similar obligations, and financial income relating to the expected yields from the pension plan assets, are recognised under financial income and expense.

The actuarial calculations for pension and similar commitments are mainly performed by independent actuaries.

Other types of provisions

Pursuant to IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are accrued where at the end of the reporting period there is a present legal or implicit obligation towards third parties arising from a past event and there is a probability that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made of the amount.

In the context of its activity, Keolis S.A. is generally subject to a contractual obligation to maintain and repair facilities

managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS 37 on provisions and where applicable provisions are accrued for major repairs or even for loss-making contracts in the event where the inevitable costs incurred to meet the contractual obligation are greater than the economic benefits of the contract.

In the event of restructuring, an obligation is accrued in so far as the restructuring has been announced and is the object of a detailed formalised plan or has been started prior to the reporting date.

Provisions due in more than one year are discounted whenever the impact is material

2.4.19. Payments in shares and similar payments
Keolis S.A. has no share option subscription plans or share purchase warrants for the benefit of its members of staff.

2.4.20. Trade and other payables
Trade payables and other accounts payable are measured at their fair value on being initially recognised; in most cases, this is their nominal value, and thereafter at the amortised cost. Short-term payables with no declared interest rate are recognised at the nominal amount unless discounting at the market rate would have a material impact. Other payables include deferred revenues, corresponding to income received for services not yet provided, and investment grants not yet posted in the statement of comprehensive income.

2.4.21. Revenue and other business income
Revenue and other business-related income is measured at the fair value of the consideration received or accrued.
It is measured net of discounts and commercial benefits given, where the service has been provided. No income is recognised where there exists significant uncertainty as to the recoverability of the consideration receivable or the costs incurred or to be incurred in relation to the service, where the Group remains involved in managing the income.

In relation to its public transport activities, Keolis S.A. holds delegated public service contracts, among others.

French legislation provides for three major types of public-service delegation:
- delegated public-service lease management contracts, under which the operator is required to manage the facilities owned and financed by local authorities and maintain them in good condition;
- franchises (concession contracts), which include contracts comparable to B.O.T. (Build, Operate, Transfer Agreements), and
- local authority-owned companies.

In France, Keolis S.A. mainly operates delegated public-service lease management contracts.

The revenue from urban passenger transport companies is recognised under the terms of the contract signed with the public transport authority, taking account of all additional clauses and any vested rights (indexation clauses, etc).

The same applies for revenue from intercity passenger transport companies, and other activities not under contract, recognised according to the services provided.

Revenue includes the provision of value-added services corresponding to the know-how of Keolis S.A.. The businesses concerned excluding transport are the management of train stations, airports, travel agencies, and bicycles.

Other revenue from business operations include services consisting mainly of other revenue classified by the Group as incidental, as well as the remuneration of concession financial assets.

2.4.22. Other operating expenses
Since they are a recurrent feature of the activity, losses or gains on sales of transport equipment are recognised on a separate line, and included in income from continuing operations.

2.4.23. Income from continuing operations
Income from continuing operations corresponds to the whole of the expenses and income arising from the Group's recurrent operating activity excluding financing activities, the earnings of associates, activities discontinued or being sold, and corporate income tax.

2.4.24. Operating profit
Operating income includes income from continuing operations and all transactions not directly related to the normal conduct of business, but that cannot be directly attached to any other item in the profit and loss statement.

Income and expenses, depreciation and provisions on non recurring items include all non recurring operations costing more than €500,000: this applies to bids on new contracts ('offensive' bids), restructuring costs, capital gains or losses other than on transport equipment, the amortisation of contractual rights and start-up costs in another country or zone.

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The effects of changes in scope recognised directly in income include:
- direct acquisition costs in case of a takeover;
- effects of revaluations, at fair value on the acquisition date, interests previously held in case of acquisition in stages;
- subsequent earnouts;
- profit or loss from divestments of holdings which lead to a change in the method of consolidation as well as where applicable, the revaluation effects of retained interests.

2.4.25. EBITDA calculation
EBITDA is calculated on income from continuing operations, plus or minus the capital gains or losses on disposals and the calculated items representing provisions, allowances, depreciation, provision reversals, and shares of subsidies.

2.4.26. Financial income/expense
Financial expenses include interest on borrowings and financial debt calculated using the effective interest rate method, the costs of early loan repayment or of cancelling credit lines, the financial interests not directly attributable to operating margin and the financial cost of updating non current liabilities.

Financial income includes income from deposits of cash or cash equivalents, and dividends received from non-consolidated companies.

Other financial income and expenses include net foreign exchange gains and losses, bank commissions on credit transactions booked as an expense and their rebilling as income, changes in the fair value of derivative financial instruments when they are to be recognised in the statement of comprehensive income and are recognised respectively as financial income or expenses on transactions, with the exception of changes in the fair value of hedging derivatives, which are recorded on the same line as the transaction hedged, under operating profit.

All interest on borrowings is recognised as financial expenses as and when incurred.

3. HIGHLIGHTS OF FINANCIAL YEAR 2010

Development of contracts in France and Internationally
The Group reaped the full year benefits of the numerous development operations carried out in 2009. Highlights for 2010, especially abroad, include the exercise of puts allowing the Group to assert its role as 100% owner.

International activities:
- **Canada:** full effect in 2010 of the acquisition of the subgroup Gaudreault completed in September 2009.
- **Belgium:** Full effect in 2010 of the acquisition by Keolis Vlaanderen of 100% of the Flanders Coach Group in September 2009. Furthermore, Keolis S.A. acquired 29.16% of Eurobus Holding (EBH) from SRWT, which had exercised its put option. Keolis S.A. also purchased the 30.79% holding in the possession of Belbus. On 31 December 2010, Keolis S.A. owned 100% of EBH.
- **Australia:** full effect in 2010 of the win of the Melbourne tram tender, the related operations having started up in December 2009.
- **Germany:** full effect of the Maas-Rhein-Lippe contract started up in December 2009 (rail franchise).
- **United States:** start in July 2010 of the Virginia Railway Express operating contract in Washington (bid won in November 2009).
- **Sweden:** Keolis Nordic, subsidiary of Keolis S.A., acquired the remaining 30% share of Busslink from SL, which exercised its put option. At 31 December 2010, Keolis Nordic owned 100% of this company which was subsequently renamed Keolis Sverige. Furthermore, 2010 saw the loss of the Örebro and Nyköping contracts and start-up of operations in Gothenburg.
- **Netherlands:** Syntus started the Midden-Overijssel and Veluwe contracts and ended the Achterhoek bus contract.
- **Norway:** launch of the Bergen tram line in June 2010, following the win of the tender by Fjord1 Partner in April 2009.
- **Denmark:** full effect in 2010 of the award of the Movia A4 contract in December 2009.

In France
- full effect in 2010 of the Bordeaux contract launched in May 2009.
- discontinuance of operations for Airelle.
- acquisition of "Autocars d'Arcachon" and "Les Bus Boïens" under the Gascogne Océan regional division.
- divestment of airport operations in Clermont Ferrand, Chambéry, Quimper and Grenoble.

Financing
On 27 September 2010, a Private Placement agreement was signed with the Crédit Agricole regional funds for an amount of €100 million. This 5-year loan has been fully drawn.

The €1 million debt rescheduling cost is included in the effective interest rate.
The bank loan to Keolis S.A. initially put in place on 24 May 2007 was amended on 13 July 2010
The Group wished to plan ahead for its funding by working both on the final reimbursement date of the syndicated loan scheduled for May 2011 and on obtaining additional financing facilities.

Thus, the addendum to the contract mainly includes the following clauses:

- extension of the maturity by one full year (from May 2012 to May 2013) and then one optional year at the discretion of the banks (request to be made in 2011 to change the maturity to May 2014);
- new external debt authorisation for €200 million;
- the raising of the Financial Leverage covenant (Net debt / EBITDA) to 3.5x (versus 3.0x from December 2010).

This rescheduling was granted in exchange for higher credit margins (which remain variable according to the level of financial leverage) and the payment of a rider fee.

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4. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1 Staff costs

Staff costs

(€ million)	2010	2009
Wages and social charges	**(1,851)**	(1,610)
Other staff expenses[1]	**(131)**	(113)
Total	(1,982)	(1,723)

(1) Other staff expenses include incentive schemes, profit sharing and pension costs.

Number of employees

The average number of Group employees breaks down as follows:

	2010	2009
Managers	**1,595**	1,310
Supervisory and technical staff	**6,012**	5,465
Clerical and manual employees	**35,907**	32,300
Total	43,514	39,075

Numbers employed in the proportionally consolidated companies are included on the basis of the percentage consolidated. The average staff of the companies acquired during the period is averaged over the period.

4.2 Operating profit (or loss) on disposal

(€ million)	2010	2009
Sale price	**14**	23
Net carrying amount	**(13)**	(20)
Profit (loss) on the disposal of transport equipment	**1**	**3**

(€ million)	2010	2009
Sale price	**6**	20
Net carrying amount	**(5)**	(19)
Profit (or loss) on other disposals	**1**	**1**
Recurring operating profit (or loss) on disposal	2	4

(€ million)	2010	2009
Sale price	**7**	2
Net carrying amount	**(6)**	(1)
Non-recurring operating profit (or loss) on disposal	(1)	1

4.3 Non-recurring profit (loss)

(€ million)	2010	2009
Costs of offensive bids	**(6)**	(4)
Restructuring expenses	**(5)**	(7)
Gains/(losses) on disposals of assets other than transport equipment	**1**	-
Other non-recurring income and expense	**7**	(7)
Total	(3)	(18)

4.4 EBITDA calculation

(€ million)	2010	2009
Operating profit	**106**	**84**
Net depreciation and other provisions charged	**130**	116
Depreciation and provisions charged on non-recurring items	**(8)**	9
Amortisation of grants received	**(8)**	(9)
Reversals of utilised operating provisions	**(17)**	(11)
Income (loss) on non-recurring fixed asset disposal	**(1)**	-
Scope effects recognised directly in income	**-**	-
Income (loss) on non-recurring fixed asset disposal	**(2)**	(4)
EBITDA	**200**	**185**
Non-recurring income and expense[1]	**13**	**9**
Recurring EBITDA	213	194

(1) Non-recurring income and expense include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

4.5 Share in earnings of equity-method associates

The contributions to consolidated net profit from associates are neither individually nor globally material to the Group's net profit.

The earnings of equity-method associates include SCODEC, TICE, Passerelle CDG, Netlog and Prometro, consolidated for the first time this year.

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6 Tax charge

The 2010 tax charge was €48 million on profit before tax and associates of €99 million.

The tax expense recognised breaks down as follows:

(€ million)	2010	2009
Current tax expense	**(44)**	**(36)**
Tax payable for the period	**(44)**	(36)
Adjustments in respect of prior years	**-**	-
Deferred tax expense (income)	**(4)**	**(2)**
Deferred tax for the period	**(4)**	(2)
Impairment loss on deferred tax asset	**-**	-
Total tax expense for the year	(48)	(38)

The reconciliation between the legal rate of taxation in France and the effective rate before reclassification of the discontinued activities is as follows:

(per cent)	2010	2009
Legal rate of taxation in France	**34.43%**	34.43%
French / foreign taxation rate differentials	**(2.87)%**	(3.15)%.
Effect of reduced rates and changes in tax rates	**(0.93)%**	(0.94)%
Adjustments in respect of tax for prior years	**(1.96)%**	(0.76)%
Other permanent differences	**(15.34)%**	(10.47)%
Effect of the business tax reform in 2010	**11.08%**	-
Unrecognised deferred tax asset	**29.67%**	28.82%
Effective rate of taxation	54.08%	47.93%

The Group had accumulated losses of €196 million to carry forward compared to €117 million in 2009.
The amount of tax assets not recognised over the period amounts to €76 million.

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill

Changes in net carrying amount

(€ million)		Impairment charge	Net value
At 1 January 2009	**194**	**-**	**194**
Acquisitions	10	-	10
Disposals	-	-	-
Impairment losses for the period	-	-	-
Foreign exchange translation difference	3		3
At 31 December 2009	**207**	**-**	**207**
At 1 January 2010	**207**	**-**	**207**
Acquisitions	(8)		(8)
Disposals	-	-	-
Impairment losses for the period	-	-	-
Foreign exchange translation difference	3	-	3
At 31 December 2010	202	-	202

The changes in goodwill during the 2010 financial year are explained by:

- acquisition of Autocars d'Arcachon and Bus Boiens for €1 million;
- a reduction of €(1) million from the revaluation within 12 months of goodwill relating to companies acquired in 2009;
- the increase in profit sharing and the change in value of non controlling shareholders' call options, for €(8) million.

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3.2 Other intangible assetses

(€ million)			Contractual right	Others(*)	Total
At 1 January 2009 (restated)	**8**	**1**	**27**	**63**	**99**
Acquisitions	5	-	-	12	**17**
Assets disposed of and scrapped	-	-	-	-	**-**
Depreciation	(5)	-	(3)	(4)	**(11)**
Changes in consolidation scope	-	-	4	11	**15**
Foreign exchange translation difference and other movements	1	-	-	(2)	**(2)**
At 31 December 2009 (restated)	**9**	**1**	**28**	**80**	**118**
Gross value	36	1	34	118	**189**
Cumulative depreciation and impairment loss	(27)	-	(6)	(38)	**(71)**
Net carrying amount at 31 December 2009 (restated)	9	1	28	80	118

(€ million)			Contractual right	Others(*)	Total
At 1 January 2010 (restated)	**9**	**1**	**28**	**80**	**118**
Acquisitions	6	-	-	14	**20**
Assets disposed of and scrapped	-	-	-	-	**-**
Depreciation	(6)	-	(3)	(13)	**(22)**
Changes in consolidation scope	-	-	3	-	**3**
Foreign exchange translation difference and other movements	-	-	1	1	**2**
At 31 December 2010	**9**	**1**	**29**	**82**	**121**
Gross value	40	1	37	132	**210**
Cumulative depreciation and impairment loss	(31)	-	(8)	(50)	**(89)**
Net carrying amount at 31 December 2010	9	1	29	82	121

(*) Of which intangible concession assets of €44 million in 2009 and €39 million in 2010.

5.5 Property, plant and equipment

(€ million)	Land and land improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Others	Total
At 1 January 2009 (restated)	**19**	**39**	**28**	**239**	**26**	**14**	**365**
Acquisitions	2	5	13	115	27	8	**170**
Assets disposed of and scrapped	-	(2)	(2)	(19)	(17)	-	**(40)**
Depreciation	(1)	(8)	(12)	(65)	-	(6)	**(92)**
Changes in consolidation scope	1	1	2	34	-	1	**39**
Foreign exchange translation difference and other movements	1	5	2	17	(20)	2	**7**
At 31 December 2009 (restated)	**22**	**40**	**31**	**321**	**16**	**19**	**449**
Gross value	26	94	100	822	16	59	**1,117**
Cumulative depreciation and impairment loss	(4)	(54)	(69)	(501)	-	(40)	**(668)**
Net carrying amount at 31 December 2009 (restated)	22	40	31	321	16	19	449

(€ million)	Land and land improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Others	Total
At 1 January 2010 (restated)	**22**	**40**	**31**	**321**	**16**	**19**	**449**
Acquisitions	6	6	12	71	10	19	**124**
Assets disposed of and scrapped	(3)	(4)	-	(14)	-	(2)	**(23)**
Depreciation	(1)	(5)	(12)	(69)	-	(8)	**(95)**
Changes in consolidation scope	-	-	-	1	-	-	**1**
Foreign exchange translation difference and other movements	1	-	1	(8)	(6)	4	**(8)**
At 31 December 2010 (restated)	**25**	**37**	**32**	**302**	**20**	**32**	**448**
Gross value	30	88	110	833	20	80	**1,161**
Cumulative depreciation and impairment loss	(5)	(51)	(78)	(531)	-	(48)	**(713)**
Net carrying amount at 31 December 2010 (restated)	25	37	32	302	20	32	448

Properties that have to be returned to local authorities at the end of the arrangements entered into with certain subsidiaries amounted to €23 million (net amount) at 31 December 2010.

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Finance leases

At 31 December 2010, finance leased assets recognised under assets in the statement of financial position comprise:

(€ million)		Transport equipment	Others	Total
Gross value	3	192	4	**199**
Depreciation	(2)	(123)	-	**(125)**
Total finance leased non-current assets	1	69	4	74

Schedule of minimum finance lease payments

(€ million)		1 to 5 years	>5 years	Total
Principal	13	36	6	**55**
Interest	2	3	-	**5**
Finance lease payments	15	39	6	60

5.4 Joint Ventures

The contributions of joint ventures to the statement of financial position and the statement of consolidated income are detailed below:

(€ million)		Southern Railway	London Midland			Others	Total joint ventures
Non-current assets	34	4	15	1	10	18	**82**
Total statement of financial position	55	73	35	47	66	32	**308**
Net profit (loss) attributable to Group	(1)	5	-	18	3	2	**27**
Equity attributable to Group	10	6	4	8	10	5	**43**
Current and non-current liabilities	49	77	35	39	64	28	**292**

5.5 Other financial assets

(€ million)	Loans and receivables	Securities available for sale	Investments in companies	Derivatives - Assets	Concession financial assets	Total
At 31 December 2009 (restated)						
Gross value	35	4	5	-	17	**61**
Impairment loss	-	-	-	-	(3)	**(3)**
Net value	**35**	**4**	**5**	**-**	**14**	**58**

(€ million)	Loans and receivables	Securities available for sale	Investments in companies	Derivatives - Assets	Concession financial assets	Total
At 31 December 2010						
Gross value	43	4	6	1	25	**79**
Impairment loss	-	-	-	-	(3)	**(3)**
Net value	43	4	6	1	22	76

The securities available for sale relate to investments in companies which are not consolidated.

5.6 Deferred tax assets and liabilities

Deferred tax items entered as non-current assets / liabilities break down as follows:

(€ million)	At 31 December 2010	At 31 December 2009
Deferred tax assets	**31**	**31**
Less than one year	**5**	6
More than one year	**26**	25
Deferred tax liabilities	**(41)**	**(37)**
Less than one year	**(41)**	(37)
More than one year	**-**	-

Deferred tax items on the statement of financial position primarily stem from provisions for pensions, temporary timing differences arising from tax, the restatement of finance leases and the goodwill on capitalised assets.

At 31 December 2010, unrecognised deferred tax assets amounted to €41 million. These relate to unused tax losses that are only useable within a defined time period.

At each financial year end, Keolis assesses for each tax entity the probability of its having taxable profits against which it can offset its deferred tax assets or use available unrecognised tax credits. In making this assessment, Keolis takes account, among other factors, of past and present taxable profits, and of the companies' prospects for making future taxable profits.

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The change in net deferred tax recognised in the statement of financial position breaks down as follows:

(€ million)	Less than one year	More than one year
Opening balance at 1 January 2009	**(19)**	**18**
Recognised in equity	(5)	4
Recognised in profit and loss	(3)	1
Effect of consolidation scope changes	(3)	2
Foreign exchange translation difference and other movements	(1)	-
Closing balance at 31 December 2009	**(31)**	**25**
Opening balance at 1 January 2010	**(31)**	**25**
Recognised in equity	2	1
Recognised in profit and loss	(5)	-
Effect of consolidation scope changes	(1)	-
Foreign exchange translation difference and other movements	(1)	-
Closing balance at 31 December 2010	(36)	26

5.7 Inventories

(€ million)	At 31 December 2010	At 31 December 2009
Gross inventories	**70**	63
Provisions	**(5)**	(5)
Net inventories	65	58

5.8 Trade and other receivables

(€ million)	At 31 December 2010	At 31 December 2009
Trade receivables	**344**	294
Advances and down payments on orders	**3**	6
Receivables from staff and welfare agencies	**3**	5
Central and local government	**72**	75
Others	**157**	129
Total trade and other receivables	**579**	**509**
Provisions	**(6)**	(7)
Net trade and other receivables	573	502

5.9 Cash and cash equivalents

Analysis by type

(€ million)	At 31 December 2010	At 31 December 2009
Cash	**287**	230
Short term investments	**97**	127
Total recognised as assets	384	357
of which UK rail ring fenced cash and deposits[1]	**110**	127

(1) In the United Kingdom, operating companies are required under contract to retain a level of liquidity such that the public service offer can be maintained in the event of the operator's insolvency. This requires the operator to maintain a Liquidity Maintenance Ratio or Financial Ratio. The required amount corresponds to a certain number of weeks of direct costs relating to the activity or an amount sufficient to meet the Financial Ratio, and must be maintained until the end of the franchise. This constraint means that the liquidity in question is treated as unavailable to the Group.

Consolidated cash flow statement

(€ million)	At 31 December 2010	At 31 December 2009
Cash	**287**	230
Short term investments	**97**	127
Bank overdrafts	**(153)**	(125)
Net cash and cash equivalents	231	231

Cash equivalents include highly liquid short term investments that are easily convertible into a known amount of cash and present no significant risk of loss of value.

Keolis takes the view that its UCITS classified by the AMF (French financial markets authority) as "euro money-market" meet the criteria necessary to classify them as cash equivalents.

The amount of financial expense paid was €6 million at 31 December 2010 and €4 million at 31 December 2009.

In 2010 a transfer of receivables without recourse was recognised for an amount of €14 million versus €4.7 million at 31 December 2009.

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3.16 Equity

Share capital and share premium
At 31 December 2010, the share capital comprised 3,904,273 shares with a nominal value of €12 each.

No diluting instrument was issued during the financial year ended 31 December 2010.

The Group's borrowing contracts do include any obligation to maintain a debt/equity ratio. Nevertheless, the Group's aim is to maintain or strengthen its capital base while paying regular dividends to its shareholders. Equity capital includes the share of capital attributable to the Group as well as the unrealised gains and losses recognised directly in equity.

Treasury shares
At 31 December 2010 and 31 December 2009 Keolis held no treasury shares and was not a party to any purchase or sale option relating to Keolis shares.

Distributable reserves and earnings:
At 31 December 2010 and at 31 December 2009 Keolis S.A. had distributable reserves of €20.5 million and €19 million respectively.

Foreign exchange translation reserve
During 2010 the foreign exchange translation reserves decreased by €0.5 million. This change was mainly due to the fluctuation of the pound sterling against the euro.

The following were the main exchange rates against the euro used during the 2010 and 2009 financial years:

	2010		2009	
	Average Rate	**Year end rate**	**Average Rate**	**Year end rate**
Pound Sterling	**0.858238**	**0.860750**	0.891050	0.888100
Australian dollar	**1.444175**	**1.313600**	1.774869	1.600800
DKK	**7.447214**	**7.453500**	7.446303	7.441800
SEK	**9.546918**	**8.965500**	10.619959	10.252000
NOK	**8.006035**	**7.80000**	8.729330	8.300000
USD	**1.326799**	**1.336200**	1.393268	1.440600
Canadian dollar	**1.366504**	**1.332200**	1.585191	1.512800

5.11 Financial debt and long term borrowings

Refinancing oprations :

Financial debt breakdown by type

	At 31 December 2010		
	Statement of financial position	Maturity date	Rates
(€ million)			
Owed to non controlling shareholders (put option)	**4**	2011	-
Finance leasing	**13**	2010	Variable rates
Loans	**55**	2010	Variable rates
Sub total, short term	**72**		
Owed to non controlling shareholders (put option)	**1**	2011-012	-
Finance leasing	**42**	-	Variable rates
Employee profit sharing	**3**	2011-2015	Fixed rate
Loans	**167**	2011-2015	Variable rates
Derivatives	**1**	-	-
Sub total, long term	**214**		
Total	286		

	At 31 December 2009		
	Statement of financial position	Maturity date	Rates
(€ million)			
Owed to non controlling shareholders (put option)	4	2010	-
Finance leasing	20	2010	Variable rates
Loans	48	2010	Variable rates
Sub total, short term	**72**		
Owed to non controlling shareholders (put option)	44	2010-2012	-
Finance leasing	31	-	Variable rates
Employee profit sharing	3	2010-2015	Fixed rate
Loans	140	2010-2015	Variable rates
Sub total, long term	**218**		
Total	290		

Joint venture borrowings are mainly financing facilities negotiated with the partners. These loans are tacitly renewable and interest bearing.

Amounts owed to non controlling interests are revalued and their value is discounted but the discount charge is incorporated into goodwill.

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Financial debt breakdown by maturity

	At 31 December 2010						
		2012	2013	2014		After 2015	Total
(€ million)							
Finance leasing	13	23	5	5	4	5	**55**
Other debt	59	22	15	9	113	13	**231**
Total	72	45	20	14	117	18	286

Financial debt breakdown by currency

	At 31 December 2010	At 31 December 2009
(€ million)		
Euro	**157**	174
Canadian dollar	**30**	34
Pound Sterling	**38**	31
SEK	**16**	18
Australian dollar	**21**	17
DKK	**23**	15
NOK	**1**	1
Total financial debt	286	290

Mandatory financial ratios

The debt refinancing agreement of 24 May 2007 amended on 4 June 2009 included Leverage and Net Interest Coverage ratios. The company was compliant with these ratios at 31 December 2009. The ratios redefined under the debt renegotiation of June 2010 had also been complied with at 31 December 2010.

In connection with the financing agreement signed on 27 September 2010 with Crédit Agricole CIB ("CRPP"), the same financial ratios were defined as requirements for compliance (Leverage ratio and Net Interest Coverage ratio). The Group was compliant with these ratios at 31 December 2010.

The leverage ratio corresponds to the net ratio between net debt and recurring EBITDA.

Net Interest Coverage ratio corresponds to the ratio between recurring EBITDA and financial income /(loss).

Statement of changes in financial debts

	1 January 2010	Increase	Decrease	Consolidation scope	Impact of change	Others	31 December 2010
(€ million)							
Finance leasing	20	1	(12)	-	-	4	**13**
Owed to non controlling shareholders (put option)	3	-	(4)	-	-	5	**4**
Derivatives	-	-	-	-	-	-	**-**
Loans	49	3	(10)	-	2	11	**55**
Sub total, short term	**72**	**4**	**(26)**	**-**	**2**	**20**	**72**
Finance leasing	31	16	(5)	-	1	(1)	**42**
Owed to non controlling shareholders (put option)	44	-	(34)	-	1	(10)	**1**
Employee profit sharing	3	-	-	-	-	-	**3**
Loans	140	101	(70)	1	7	(12)	**167**
Derivatives	-	-	-	-	-	1	**1**
Sub total, long term	**218**	**117**	**(109)**	**1**	**9**	**(22)**	**214**
Total	290	121	(135)	1	11	(2)	286

5.12 Financial assets and liabilities by category

	Book value by category of instrument					31/12/2010	Fair value by level			31/12/2010
			Loans and receivables	Debts at amortised costs	Derivative instruments	Value in statement of financial position		Model based on observable parameters	Model based on non observable parameters	Fair value
Investments in associates	-	4	-	-	-	**4**	-	-	-	-
Other non-current financial assets	-	-	40	-	1	**41**	-	-	-	-
Trade receivables	-	-	342	-	-	**342**	-	-	-	-
Other receivables	-	-	230	-	1	**231**	-	1	-	**1**
Current financial assets	-	-	31	-	-	**31**	-	-	-	-
Cash and cash equivalents	384	-	-	-	-	**384**	384	-	-	**384**
Assets	**384**	**4**	**643**	**-**	**2**	**1,033**	**384**	**1**	**-**	**385**
Non-current financial debt	2	-	-	211	1	**214**	-	3	-	**3**
Current financial debt	-	-	-	72	-	**72**	-	-	-	-
Bank borrowings	153	-	-	-	-	**153**	153	-	-	**153**
Customer deposits and advances received	-	-	37	-	-	**37**	-	-	-	-
Trade and other payables	-	-	461	-	-	**461**	-	-	-	-
Other current operating liabilities	-	-	621	-	-	**621**	-	-	-	-
Liabilities	**155**	**-**	**1,119**	**283**	**1**	**1,558**	**153**	**3**	**-**	**156**

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5.13 Risk management and financial derivatives

Keolis is exposed to market risks through its commercial and financial operations.
This exposure is due mainly to fluctuations in exchange rates, raw materials prices and interest rates.

Keolis had at 31 December 2010 derivative instruments which qualified as cash flow hedges (CFH) and trading hedges. Impacts on performance and the financial position of derivatives are presented in the table below:

	31/12/2010			Profit/(loss)			31/12/2010	Equity	31/12/2010
	Nominal	Unit	Fair value (€K)	Recycling of equity into income (€K)	Net profit or loss eligible instruments (€K)	Net profit or loss non-eligible instruments (€K)	Net profit or loss (€K)	Cash Flow Reserves (€K)	Carrying amount in BL (€K)
Forex derivatives Trading	**19,130**	**KAUD**	**150**	-	-	303	**303**	-	**150**
Forex derivatives Trading	**1,825**	**KUSD**	**23**	-	-	23	**23**	-	**23**
Forex derivatives Trading	**21,900**	**KGBP**	**(193)**	-	-	(404)	**(404)**	-	**(193)**
Diesel derivatives Cash Flow Hedge	**60,674**	**MT**	**1,448**	(142)	(352)	-	**(494)**	1,191	**1,448**
Diesel derivatives Trading	**22,600**	**MT**	**(14)**	-	-	233	**233**	-	**(14)**
Interest rate derivatives Cash Flow Hedge	**50,000**	**KEUR**	**70**	-	-	-	**-**	71	**70**
Interest rate derivatives Trading	**350,000**	**KEUR**	**628**	-	-	6	**6**	-	**628**
Tota profit/loss			2,112	(142)	(352)	161	(334)	1,262	2,112
Foreign exchange			**(20)**	-	-	(78)	**(78)**	-	**(20)**
Diesel			**1,434**	(142)	(352)	233	**(261)**	1,191	**1,434**
Interest rate			**698**	-	-	6	**6**	71	**698**
Share in financial income			**-**	**(142)**	**-**	**161**	**19**	**-**	**-**
Share in operating profit			**-**	**-**	**(352)**	**-**	**(352)**	**-**	**-**

This table is presented exclusive of accrued interest.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2010		At 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
(€ million)				
Forex instruments	**0.2**	**0.2**	0.1	-
Raw materials instruments	**1.5**	**0.1**	-	-
Interest rate instruments	**0.9**	**0.2**	-	-
Total	2.6	0.5	0.1	-

Foreign exchange risk

For limited amounts Keolis uses foreign exchange hedges primarily backed by loans or borrowings denominated in foreign currency and recorded in current accounts; they are designated as eligible for Trading under the meaning of IAS 39.

The hedging instruments used by the Group at 31 December 2010 were standard, liquid and available in the markets, namely: forward and futures sales and purchases.

Fair value of foreign exchange hedge instruments

As at 31 December 2010, there was virtually no impact of foreign currency hedging contracts on the income statement.

The net fair value of interest rate derivatives amounted to €(0.02) million at 31 December 2010.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2010		At 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
(€ million)				
Forex instruments:				
eligible as cash flow hedges	-	-	0.1	-
non eligible as cash flow hedges	**0.17**	**0.19**	-	-
Total	0.17	0.19	0.1	-

The nominal amounts as well as the fair values of foreign exchange risk hedging derivatives are detailed below:

GBP hedge	At 31 December 2010	
	Nominal (GBP thousand)	Fair value (EUR thousand)
Forward purchase	**21,900**	**(193)**
Forward sales	-	-

AUD hedge	At 31 December 2010	
	Nominal (AUD thousand)	Fair value (EUR thousand)
Forward purchase	**19,130**	**150**

USD Hedge	At 31 December 2010	
	Nominal (KUSD)	Fair value (EUR thousand)
Forward sales	**1,825**	**23**

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All of the foreign exchange hedging instruments held at 31 December 2010 mature in 2011.
The sensitivity of the foreign exchange hedging contracts to a variation of plus or minus 10% in foreign exchange rates is detailed below:

	At 31 December 2010	
(€ million)	90% of the exchange rate	110% of the exchange rate
Impact OCI	-	-
Impact P&L	**(0.96)**	**0.96**
Valuation	(0.96)	0.96

Management of the risk of raw materials price fluctuations
Keolis' exposure to the risk of fluctuations in commodities prices mainly arises from fuel purchases. The Group hedges this raw materials risk using standard, liquid hedging instruments, namely:
- swaps;
- cap calls;
- floor puts if tied with cap calls to create symmetrical or asymmetrical collars.

At 31 December 2010, Keolis primarily had derivative instruments designated as eligible for cash flow hedging.

Derivative instruments are recorded on the balance sheet at fair value for the amounts below:

	At 31 December 2010		At 31 December 2009	
(€ million)	Assets	Liabilities	Assets	Liabilities
Raw materials instruments:				
eligible as cash flow hedges	**1.5**	**0.1**	-	-
non eligible as cash flow hedges	-	-	-	-
Total	1.5	0.1	-	-

The nominal amounts as well as the fair values of raw materials derivatives (forward purchases and sales and options) are detailed below:

	At 31 December 2010	
	Nominal (TM)	Fair value (EUR thousand)
Swaps	**38,774**	**745**
Collars (cap calls + floor puts)	**12,900**	**607**
Floor puts	**22,600**	**(14)**
Option purchases - floor	-	-
Option purchases - cap	**9,000**	**96**
Total	83,274	1,434

The impact on the income statement at 31 December 2010 is an expense of €0.26 million from commodities hedging contracts.
The net fair value of derivative instruments on petroleum commodities amounted to €1.43 million at 31 December 2010 and was virtually nil at 31 December 2009.
At 31 December 2010, the balance of the "Fair value reserve" was €1.06 million.

The sensitivity of the raw materials hedging contracts to a variation of plus or minus 10% in the prices of raw materials is detailed below:

	At 31 December 2010	
(€ million)	90% of diesel price	110% of diesel price
Impact OCI	**(2.70)**	**3.33**
Impact P&L	**(0.23)**	**(0.08)**
Valuation	(2.93)	3.25

All commodities hedging instruments held at 31 December 2010 mature between January 2011 and June 2012.

Open hedging positions at 31 December 2010 were as follows:
- swaps for a nominal volume of 38,774 metric tons, of which 36,074 tons mature in 2011 and 2,700 tons mature in 2012;
- Symmetrical collars of caps and floors for a nominal volume of 12,900 metric tons, maturing in 2011;
- purchase of caps for a nominal volume of 9,000 metric tons, maturing in 2011;
- sale of floors for a nominal volume of 22,600 metric tons, maturing in 2011.

All hedging transactions are conducted with first-class banking counterparties.

Interest rate risk management
The exposure of Keolis to interest rate risk primarily stems from its net financial debt.
In 2010, the Group also used standard and liquid hedging instruments, directly related to the debt contract ("private placement with Crédit Agricole regional banks" or CRPP) namely:
- puts swaptions;
- swaps;
- cap calls;
- floor puts.

The breakdown between the Group's fixed and variable rate debt, excluding the derivatives portfolio and non controlling interest debts, is as follows:

	At 31 December 2010	At 31 December 2009
(€ million)		
Variable rate	**286**	290
Fixed rate	**-**	-
Financial debt and long term borrowings adjusted for accrued interest	**286**	**290**
Variable rate cash and cash equivalents	**(231)**	(231)
Fixed rate cash and cash equivalents	**-**	-
Cash and cash equivalents	**(231)**	**(231)**
Accrued interest payable	**-**	-
Accrued interest receivable	**-**	-
Loans and receivables	**(43)**	(35)
Deposits and guarantees	**(6)**	(5)
Derivatives assets	**(1)**	-
Shareholdings	**(3)**	(3)
Net financial debt	2	16

Keolis is exposed to interest rate variability on the variable rate portion of its net financial debt.
At 31 December 2010, an increase of 50 basis points in market interest rates, on the basis of a constant net financial debt, would have increased the annual borrowing cost by €1.4 million (excluding accrued interests) and in parallel would have increased the financial income from cash and cash equivalents by €1.2 million.

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As at 31 December 2010, Keolis had derivative instruments eligible for hedge accounting.

An immediate increase of 50 basis points in market interest rates on the basis of the hedging portfolio would reduce the annual cost of debt by €0.2 million.

For example, an immediate increase of 50 basis points in market interest rates on the basis of constant net financial debt adjusted to reflect the impact of hedges, would reduce the annual cost of debt by €0.1 million.

Symmetrically, an immediate decrease of 50 basis points in market interest rates on the basis of constant net financial debt adjusted to reflect the impact of hedges, would increase the annual cost of debt by €0.1 million.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2010		At 31 December 2009	
(€ million)	Assets	Liabilities	Assets	Liabilities
Interest rate instruments which				
qualify as cash flow hedges	**0.3**	**0.2**	-	11.4
do not qualify as cash flow hedges	**0.6**	**-**	-	0.2
Total	0.9	0.2	-	11.6

The nominal amounts as well as the fair values of forward purchase and sale agreements are detailed below:

	At 31 December 2010	
	Nominal value (€ thousand)	Fair value (€ thousand)
Rate swaps	**200,000**	**698**
Purchases of tunnels	**12,500**	**8**
Sales of tunnels	**12,500**	**(8)**
Purchases of swaptions	**87,500**	**278**
Sales of swaptions	**87,500**	**(278)**
Total	400,000	698

The impact on the income statement at the end of 2010 pursuant to hedging transactions eligible for accounting in CFH was €0.6 million.
The net fair value of interest rate derivatives amounted to €0.7 million at 31 December 2010.

At 31 December 2010, the balance of the "fair value reserve" was €0.1 million for fiscal year 2010.

The sensitivity of interest rate hedges to an impact of 0.50% on interest rate levels is presented below:

	At 31 December 2010	
(€ million)	Market rate -0.5%	Market rate +0.5%
Impact OCI	**(0.26)**	**0.25**
Impact P&L	**0.02**	**(0.02)**
Valuation	(0.24)	0.23

All of the interest rate hedging instruments held at 31 December 2010 mature between 2011 and 2015.

Management of counterparty risk

All hedging transactions, whether on interest rate, foreign exchange or raw materials risks, are conducted with bank counterparties.

The main transactions generating a potential counterparty risk for Keolis are as follows:

- deposits of cash or cash equivalents;
- derivative instruments;
- trade receivables;
- concession financial assets.

The maximum concentration by instruments class is as follows:

- cash investments: 100%
- derivative instruments: 48%
- trade receivables: 10%
- concession financial assets: 100%

Keolis makes its liquidity deposits and enters into its interest rate, raw materials or foreign exchange contracts with first-class banks, thereby limiting the counterparty risk. The counterparty banks of the Group have a minimum long term credit rating "A-" (Standard & Poor's or Fitch).

The concentration of counterparty risk on derivative instruments is calculated on the basis of Mark to Market valuations on the reporting date.

Each quarter, Keolis studies the changes to ratings and makes management decisions following the analysis of this change. The management decisions are as follows:

- the counterparty is measured as a first rank counterparty, no change of relationship is envisaged;
- the first rank counterparty is demoted to second rank counterparty, no new transaction will be processed with this counterparty;
- the second rank counterparty is promoted to first rank counterparty, new transactions may be processed with this counterparty;
- The counterparty is removed from the list of authorised counterparties, all ongoing transactions with this counterparty are cleared.

The counterparty risk on customer accounts is limited owing to the fact that the majority of the customers in the Keolis portfolio belong to the public sector.

In addition, Keolis is also careful not to acquire an excessive concentration of risks.

At 31 December 2010, Keolis had no significant counterparty risk.

Liquidity risk

The available credit facility at 31 December 2010 amounted to €180 million. The credit line is available to Keolis or GROUPE KEOLIS S.A.S. and expires in May 2013.

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As at 31 December 2010 and 31 December 2009, the liquidity position was as follows:

(€ million)	At 31 December 2010	At 31 December 2009
Undrawn credit line	**180**	70
Cash and cash equivalents	**231**	232
Liquidity position	**411**	**302**

To ensure the Group's capacity to meet its financial commitments, Keolis arranged on 30 September 2010 a bullet syndicated loan from the Crédit Agricole regional banks ("the CRPP"), maturing on 30 September 2015, for a nominal amount of €100 million broken down into tranche a of €87.5 million at a fixed rate and tranche B of €12.5 million at a variable rate. The fair value of this debt at 31 December 2010 was €101.6 million.

The liquidity schedule of the CRPP financial liabilities is as follows:

(€ million)			From 1 to 5 years	> 5 years
Financial debt	-	-	(100)	-
Debt expense	(2.8)	(2.8)	(8.4)	-

The debt burden is calculated by including the derivates used to back the loan. After hedging, two debt tranches are obtained at fixed rates: tranche A at 2.78% and tranche B at 2.88%.

5.14 Provisions

Analysis by type

(€ million)	At 31 December 2010			At 31 December 2009		
	At more than one year	At less than one year	Total	At more than one year	At less than one year	Total
Pensions	**80**	**3**	**83**	67	2	**69**
Other employee benefits provided	**10**	**1**	**11**	8	1	**9**
Deductibles on insurance claims	**-**	**5**	**5**	-	7	**7**
Disputes	**7**	**3**	**10**	7	2	**9**
Labour relations litigation and restructuring risks	**1**	**5**	**6**	1	6	**7**
Losses on contract termination and loss making contracts	**1**	**1**	**2**	1	12	**13**
Contractual penalties	**-**	**2**	**2**	-	3	**3**
Major repairs	**2**	**7**	**9**	-	6	**6**
Others	**2**	**6**	**8**	3	9	**12**
Total	103	33	136	87	48	135

Changes during the financial year

(€ million)	At 1 January 2009	Charge	Reversals	Change in consolidation scope	Other movements	At 31 December 2009
Pensions	56	18	(16)	6	5	69
Other employee benefits provided	8	2	(1)	-	-	9
Deductibles on insurance claims	6	4	(3)	-	-	7
Disputes	8	3	(2)	-	-	9
Labour relations litigation and restructuring risks	6	5	(4)	-	-	7
Losses on contract termination and loss making contracts	8	6	(2)	1	-	13
Contractual penalties	3	3	(3)	-	-	3
Major repairs	4	2	-	-	-	6
Others	12	4	(3)	-	(1)	12
Total	111	47	(34)	7	4	135

(€ million)	At 1 January 2010	Charge	Reversals	Changes in consolidation scope	Other movements	At 31 December 2010
Pensions	**69**	**22**	**(19)**	**-**	**11**	**83**
Other employee benefits provided	**9**	**4**	**(2)**	**-**	**-**	**11**
Deductibles on insurance claims	**7**	**1**	**(3)**	**-**	**-**	**5**
Disputes	**9**	**3**	**(3)**	**-**	**1**	**10**
Labour relations litigation and restructuring risks	**7**	**5**	**(6)**	**-**	**-**	**6**
Losses on contract termination and loss making contracts	**13**	**1**	**(12)**	**-**	**-**	**2**
Contractual penalties	**3**	**2**	**(3)**	**-**	**-**	**2**
Major repairs	**6**	**3**	**-**	**-**	**-**	**9**
Others	**12**	**1**	**(4)**	**-**	**(1)**	**8**
Total	135	42	(52)	-	11	136

Releases of provisions of €(52) million comprise €(37) utilised and €(15) million released as not required. The movements in pension provisions relate principally to the changes in the actuarial assumptions used by the Group at 31 December 2010.

As at 31 December 2010, the main changes in provisions for losses on contract termination and loss-making contracts stemmed from reversals amounting to €10 million of provisions on the Lyon contract.

Pensions and similar benefits

The commitments are valued at 31 December 2010 in accordance with the Revision to IAS 19 *'Employee Benefits'*. The Group applies the revision to the Standard allowing actuarial gains/losses in the light of experience and/or due to changes in actuarial assumptions, to be recognised directly in equity.

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The amount of commitments recognised in the statement of financial position breaks down as follows:

(€ million)	At 31 December 2010	At 31 December 2009
Commitments recorded in the statement of financial position		
Pensions and other post employment benefits	**83**	69
Other employee benefits provided	**11**	9
Total	94	78
of which:		
Non-current	**90**	75
Current	**4**	3

Pensions and other post retirement benefits

Description of commitments under defined benefit plans

Apart from ordinary, statutory schemes, the Group provides, according to country and local legislation, retirement gratuity schemes (France), defined benefit schemes (United Kingdom and Canada) and pensioners' health benefit schemes (Canada).

In France, retirement gratuities paid to the employee on leaving employment are determined according to the national collective labour agreement or the company agreement applying in the business. The following are the two main collective labour agreements applied within the Group:

- *"Convention collective des transports publics urbains"* (CCN_3099) - the national collective labour agreement for urban public transport;
- *"Convention collective des transports routiers"* (CCN_3085) - the national road-haulage collective labour agreement.

These schemes are partly financed by insurance policies. Their value is measured over the average term of the policies (20 years) except in the case of Keolis S.A., for which the measurement is made at infinity.

In the United Kingdom, a defined benefit scheme exists specifically for railway activities: the Railways Pension Scheme (RPS). This scheme is funded by a trust. The amount of the company's commitment depends on the term of the franchise.

The commitments under defined benefit schemes undergo an annual actuarial valuation at the year end date, mainly performed by independent actuaries.

Actuarial assumptions

The following are the main actuarial assumptions adopted in evaluating pension commitments under the defined benefit schemes:

	At 31 December 2010			At 31 December 2009		
(per cent)	France	United Kingdom	Canada	France	United Kingdom	Canada
Discount rate	**4.25**	**5.60**	**5.00**	4.75	5.90	5.50
Rate of increase in salaries	**2.00-3.00**	**4.40**	**-**	2.00-3.00	4.50	-
Expected rate of return on assets	**4.00**	**8.15**	**6.00**	4.80	7.60	6.00

The pension scheme assets break down as follows:

	At 31 December 2010			At 31 December 2009		
	France	United Kingdom	Canada	France	United Kingdom	Canada
(per cent)						
Equities	**15**	**89.5 - 90.4**	**4**	15	63.7 - 64.8	48
Bonds	**70**	**5**	**49**	70	9.9 - 10.3	47
Real estate	**10**	**4.3 - 5.4**	**5**	10	12.7 - 14.2	5
Others	**5**	**0.1 - 0.3**	**-**	5	12.2 - 12.6	-

Commitments recorded in the statement of financial position

The commitments recognised in the statement of financial position break down as follows:

	At 31 December 2010	At 31 December 2009
(€ million)		
Present value of non financed liabilities	**70**	63
Present value of financed liabilities	**484**	443
Present value of total liabilities	**554**	**506**
Fair value of pension scheme assets	**(392)**	(334)
Cost of non recognised past services	**-**	-
Franchise Adjustment	**(79)**	(103)
Present value of net liabilities recognised	83	69

Analysis of changes in liabilities and assets

The net present value of the liabilities comprises:

	At 31 December 2010	At 31 December 2009
(€ million)		
Net present value of liabilities at 1 January	**506**	**397**
Service cost	**32**	17
Financial cost (including Franchise Adjustment)	**35**	15
Benefits paid	**(17)**	(16)
Employee contributions	**12**	8
Changes in pension schemes	**-**	(1)
Actuarial gains (losses)	**(26)**	63
Foreign exchange translation differences	**12**	25
Effect of consolidation scope changes	**-**	6
Effect of reductions and pension scheme settlements	**-**	(8)
Net present value of liabilities at 31 December	554	506

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The fair value of the assets comprise:

(€ million)	2010	2009
Fair value of pension scheme assets at 1 January	**334**	**289**
Expected return on assets	**27**	14
Actuarial gains (losses) on pension fund returns	**11**	11
Employers' contributions	**13**	12
Employee contributions	**8**	8
Benefits paid	**(12)**	(13)
Foreign exchange translation differences	**11**	21
Effect of consolidation scope changes	**-**	-
Effect of reductions and pension scheme settlements	**-**	(8)
Fair value of pension scheme assets at 31 December	392	334

The following are the actuarial gains and losses both in the light of experience and due to changes in actuarial assumptions:

(€ million)	2010	2009
Impact of changed assumptions	**(27)**	92
Losses and (gains) in the light of experience	**(11)**	(88)
Total actuarial (gains) and losses for the financial year	(38)	4

The following is the geographical breakdown of the liabilities and assets:

	At 31 December 2010			
(€ million)	UK	France	Canada	Total
Present value of the liabilities	**471**	**72**	**11**	**554**
Fair value of pension scheme assets	**(384)**	**-**	**(8)**	**(391)**
Franchise Adjustment	**(79)**	**-**	**-**	**(79)**
Net Present Value of net obligations	8	72	3	83

Benefit cost for the financial year

The cost of benefits recognised as an expense breaks down as follows:

(€ million)	2010	2009
Service cost	**32**	17
Interest cost on liabilities	**35**	15
Expected return on assets	**(27)**	(14)
Depreciation of costs of past service	**-**	(1)
Effect of reductions and pension scheme settlements	**-**	-
Total expense recognised in the statement of comprehensive income	40	17

The service cost and the amortisation of past pension payment costs are recognised as staff expenses.

The interest cost on liabilities and the expected return on the pension scheme assets are recognised as financial expense and financial income respectively.

Change in the net commitment recorded as a liability in the statement of financial position

(€ million)	2010	2009
Opening provision at 1 January	**69**	**56**
Benefit cost for the financial year	**40**	17
Utilisations (benefits / contributions paid)	**(18)**	(15)
Provision charged to (reversed from) equity	**(38)**	4
Foreign exchange translation differences and other changes	**30**	7
Closing provision at 31 December	83	69

Projected disbursements for 2011 amount to €3 million.

The following are the cumulative charges / (reversals) in the balance of provisions recognised directly in equity:

(€ million)	2010	2009
Cumulative opening balance of provisions (reversals)	**(2)**	**(7)**
Actuarial (gains) / losses for the year	**(38)**	4
Foreign exchange translation differences	**27**	1
Cumulative closing balance of provisions (reversals)	(13)	(2)

Other staff benefits

Description of commitments and actuarial assumptions

Other staff benefits mainly consist of long-service awards to employees working in France. These schemes are not funded by external assets (i.e. insurance policies). The obligations arising from such schemes with defined benefits are measured using the same methods and assumptions as for the defined benefit pension schemes.

The actuarial gains and losses arising from both experience and due to changes in actuarial assumptions are immediately recognised in the consolidated statement of comprehensive income.

Analysis of changes in pension obligations

The amount of the commitment relating to long-service awards amounted to €11 million at 31 December 2010. The cost of services, the depreciation of the cost of past service as well as the actuarial gains and losses are recognised in staff costs and amounted to €3 million in the 2010 financial year.

The reversal of the provision of €1 million represented the benefits paid during 2010.

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5.15 Trade and other current operating liabilities

(€ million)	At 31 December 2010	At 31 December 2009 restated
Customer deposits and advances received	**37**	30
Trade and other payables	**461**	411
Payable to PPE suppliers	**17**	13
Payables to staff	**361**	321
Central and local government	**60**	51
Deferred income	**121**	141
Others	**62**	85
Total	1,119	1,052

6. OTHER COMMITMENTS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND CONTRACTUAL COMMITMENTS

(€ million)	At 31 December 2010	At 31 December 2009
Unutilised credit lines	**3**	**71**
Guarantees given to secure debt	**359**	407
Guarantees given for operating commitments	**851**	611
Securities provided	**-**	-
Total commitments made and guarantees given, excluding rental contracts	1,210	1,018

Path entitlements are included in the "Guarantees given for operating commitments" at 31 December 2009 for an amount of €572 million and for €696 million at 31 December 2010.

The future minimum payments on rental contracts break down as follows:

(€ million)	At 31 December 2010	At 31 December 2009
Less than one year	**278**	261
One to five years	**764**	768
More than five years	**232**	293
Total	1,274	1,322

Future commitments linked to leases primarily concern the rental of transport equipment and buildings. They comprise €985 million internationally and €289 million in France. IT equipment rental contracts are in place for immaterial values.

France
Contracts entered into on vehicles (buses and coaches) relate to average durations of 7 to 8 years.

The purchase option at the end of the contract is equal to the projected market value at the end of the lease period.

Most leases are entered into directly by the subsidiaries, with a guarantee given by Keolis S.A. to the financing bodies to continue the rental instalments in the event of the subsidiary's default or insolvency. In return, the financing body undertakes to make the vehicles available to the Group.

Individual training entitlements are estimated at a total of 2,450 thousand hours for all Group employees based in France.

Abroad
We distinguish between railway contracts and bus contracts.

Railway rental contracts
Railway rental contracts are entered into for the term of the related franchise contract. They are therefore an integral part of the franchise contracts and, hence, of the economic balance brought via the subsidies granted.

Leases due in less than one year amount to €167 million, including €28 million for Australia.
Leases due in more than one year depend on the end date of each of the railway franchises, and contribute no material information.

Bus and coach contracts
Rental instalments outstanding on these contracts amount to €263 million.
As in France, Keolis S.A. is required to provide guarantees of rental payments on behalf of its foreign subsidiaries.

7. DISPUTES

The estimates and underlying assumptions relating to current disputes are continuously re-examined. In particular, current disputes and litigation, especially with tax administrations or relating to appeals on tenders or on warranty claims, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the value of assets or liabilities.

The impact of changes in accounting estimates is recognised during the period of the change where the change only affects that period, or during the period of the change and subsequent periods where the latter are also affected by such change.

8. RELATED PARTY TRANSACTIONS

8.1 Transactions with GROUPE KEOLIS S.A.S., the SNCF and EFFIA

Keolis S.A. is wholly owned by GROUPE KEOLIS S.A.S..
Transactions with GROUPE KEOLIS S.A.S. mainly correspond to general management services.

Transactions with the SNCF and its subsidiaries are mainly either permanent or occasional passenger transport services. These services represent € 49.3 million and the related receivables at 31 December 2010 amount to €12.1 million.
Sub-contracting services with EFFIA represent €2.5 million and the related receivables at 31 December 2010 amounted to €0.7 million.

8.2 Transactions with joint ventures and associates

Transactions with joint ventures and associates are performed according to normal market conditions.

8.3 Remuneration of the Group's key managers

The key managers in the Group are defined as being the company officers – Keolis group directors and the members of the general management committee. Remunerations and other short-term benefits paid to these directors amounted to €3.3 million in 2010 for a total of 11 people, compared to €3.6 million in 2009 for 11 people.

No directors' fees were allotted to members of the Group's management or executive committees.

There are no outstanding advances or credit facilities extended to members of the Group's management or executive committees.

8.4 Loans to the Group's key managers

At 31 December 2010, no loans had been granted to key managers in the Group.

9. POST BALANCE SHEET EVENTS

None.

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10. CHANGES TO THE FINANCIAL YEAR AND COMPARATIVE FINANCIAL YEARS

First-time application of IFRIC 12 "Service concession arrangements" (see 2.4.6): Restated financial statements.

Statement of financial position

(€ million)	Note	At 31 December 2009	Restatement IFRIC 12	At 31 décembre 2009 (restated)
Assets				
Goodwill		207	-	207
Other intangible assets	5.2	74	44	118
Property, plant and equipment	5.3/4	510	(61)	449
Investments in associates		1	-	1
Investments		4	-	4
Other non-current financial assets	5.6	15	14	29
Deferred tax asset		31	-	31
Non-current assets		**842**	**(3)**	**839**
Inventories and work in progress		58	-	58
Trade receivables		295	-	295
Other receivables		207	-	207
Other current financial assets		25	-	25
Cash and cash equivalents		357	-	357
Current assets		**942**	**-**	**942**
Total actif		1,784	(3)	1,781

(€ million)	Note	At 31 December 2009	Restatement IFRIC 12	At 31 décembre 2009 (restated)
Liabilities				
Share capital		47	-	47
Reserves and share premium		47	-	47
Net profit attributable to Group		40	-	40
Equity attributable to Group		**134**	**-**	**134**
Non controlling interests		3	-	3
Profit for the year attributable to non controlling interests		3	-	3
Equity		**140**	**-**	**140**
Provisions for non-current contingencies and losses		87	-	87
Non-current financial debt		218	-	218
Deferred tax liabilities		37	-	37
Non-current liabilities		**342**	**-**	**342**
Provisions for current contingencies and losses		48	-	48
Current financial debt		72	-	72
Current portion of bank borrowings		126	-	126
Customer deposits and advances received		30	-	30
Trade payables		411	-	411
Other current operating liabilities	5.16	615	(3)	612
Current liabilities		**1,302**	**(3)**	**1,299**
Total liabilities		1,784	(3)	1,781

Statement of consolidated cash flows

(€ million)	At 31 December 2009	Restatement IFRIC 12	At 31 December 2009 restated
EBITDA	**185**	**-**	**185**
(Increase) decrease in working capital	112	3	115
Corporate income taxes	(36)	-	(36)
Net cash flow from operating activities	**261**	**3**	**264**
Non-current assets acquired	(182)	5	(177)
Non-current assets disposed of (sale price)	45	-	45
Investment grants received	28	-	28
New concession financial assets (IFRIC 12)	-	(8)	(8)
Financial investments	(30)	-	(30)
Proceeds from disposal of financial assets	7	-	7
Net cash flow used in investing activities	(132)	(3)	(135)
Free cash flow	**129**	**-**	**129**
Interest received	6	-	6
Interest paid	(12)	-	(12)
Others	2	-	2
Net dividends paid and received	(51)	-	(51)
Change in shareholders' equity	5	-	5
New long term borrowings	25	-	25
Long term borrowings repaid	(44)	-	(44)
Changes in other financial debts	-	-	-
Net financing cash flows	(69)	-	(69)
Foreign exchange translation difference	10	-	10
Net increase in cash and cash equivalents	**70**	**-**	**70**
Cash and cash equivalents at beginning of year	163	-	163
Cash and cash equivalents at end of year	232	-	232
Increase in cash position	**70**	**-**	**70**

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11. CONSOLIDATION SCOPE

At 31 December, the consolidation scope included the following:

11.1. Subsidiaries

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Aérobag	Le Mesnil-Amelot	451 776 702	FC	100.00%
Aérolis	Roissy CDG	501 481 915	FC	50.10%
Aéroport de Troyes Barberey	Barberey Sain-Sulpice	501 642 722	FC	100.00%
Aérosat	Le Mesnil-Amelot	442 194 932	FC	85.00%
Airelle	Saint-Denis	384 225 389	FC	100.00%
Alphameca*	Loches	383 292 613	FC	100.00%
Athis Cars	Athis-Mons	962 201 711	FC	99.45%
Autocars Charrière Fils	Privas	308 851 781	FC	99.50%
Autocars Delion	Nanterre	339 361 164	FC	100.00%
Autocars Garrel et Navarre	Draveil	380 496 893	FC	100.00%
Autocars Planche	Arnas	403 070 154	FC	100.00%
Autocars Valenciennois	Valenciennes	775 627 102	FC	96.00%
Caennaise de Services	Caen	479 872 129	FC	100.00%
Cariane Littoral	Gravelines	339 590 937	FC	100.00%
Cars de Bordeaux	Bordeaux	309 552 578	FC	100.00%
Caron Voyages	Outreau	616 320 354	FC	100.00%
Cars et Autobus de Cassis - SCAC	Roquefort-la-Bédoule	57 808 339	FC	99.97%
Cars Planche - Cottin Prioux	Savigneux Montbrison	339 821 654	FC	100.00%
Compagnie des Transports Méditerranéens	Cannes	695 820 357	FC	99.50%
Compagnie du Blanc Argent	Paris	542 097 720	FC	99.40%
Delion Tourisme	Nanterre	398 660 159	FC	100.00%
Devillairs	Versailles	732 820 717	FC	99.91%
Easybus	Yzeure	441 229 259	FC	100.00%
Etasse Voyages	Carentan	338 654 015	FC	100.00%
GIE Orset	Paris	313 607 020	FC	100.00%
Institut Keolis	Paris	482 068 954	FC	100.00%
Interhône-Alpes	Saint-Priest	388 946 659	FC	100.00%
Intrabus Orly	Paray-Vieille-Poste	349 684 753	FC	100.00%
Jobard et Cie	Pontarlier	335 051 074	FC	99.99%
Keolis Abbeville	Lille	692 000 482	FC	99.02%
Keolis Agen	Bon Encontre	487 875 593	FC	100.00%
Keolis Aix-les-Bains	Aix-Les-Bains	501 785 117	FC	100.00%
Keolis Alençon	Alençon	380 132 167	FC	100.00%
Keolis Angers	St-Barthélémy d'Anjou	317 193 860	FC	100.00%
Keolis Arles	Arles	330 457 706	FC	100.00%
Keolis Armor	Chantepie	321 840 225	FC	99.99%
Keolis Artois Gohelle	Lens	493 510 093	FC	99.99%
Keolis Atlantique	Nantes	301 941 332	FC	99.99%
Keolis Auch	Auch	353 848 559	FC	100.00%
Keolis Aude	Narbonne	348 046 210	FC	100.00%
Keolis Bassin de Thau	Sète	394 051 965	FC	99.80%
Keolis Besançon	Besançon	572 028 702	FC	99.96%

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Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Keolis Blois	Blois	314 927 500	FC	100.00%
Keolis Bordeaux	Bordeaux	509 752 218	FC	99.98%
Keolis Boulogne-sur-Mer	Lille	552 048 043	FC	100.00%
Keolis Bourgogne	Dijon	15 450 596	FC	99.00%
Keolis Brest	Brest	314 655 788	FC	100.00%
Keolis Caen	Caen	572 028 660	FC	98.80%
Keolis Cahors	Cahors	389 105 719	FC	100.00%
Keolis Calvados	Mondeville	314 328 006	FC	100.00%
Keolis Camargue	Arles	376 420 030	FC	99.97%
Keolis Centre	Saint-Doulchard	332 454 149	FC	100.00%
Keolis Chalons-en-Champagne	Châlons-en-Champagne	582 022 760	FC	97.20%
Keolis Charente Maritime	Rochefort	509 352 951	FC	95.13%
Keolis Château Thierry	Brasles	523 108 470	FC	100.00%
Keolis Chateauroux	Châteauroux	401 744 347	FC	100.00%
Keolis Châtellerault	Châtellerault	347 774 879	FC	100.00%
Keolis Chaumont	Chaumont	523 576 395	FC	100.00%
Keolis Cherbourg	Tourlaville	572 028 678	FC	99.91%
Keolis Concarneau	Concarneau	391 617 370	FC	100.00%
Keolis Conseil et Projets	Lyon	441 338 878	FC	100.00%
Keolis Dijon	Chenove	16 450 942	FC	99.16%
Keolis Drôme	Portes-les-Valence	775 573 074	FC	99.93%
Keolis Drouais	Dreux	501 674 865	FC	100.00%
Keolis Emeraude	Saint-Mâlo	303 940 340	FC	100.00%
Keolis en Cévennes	Alès	327 948 402	FC	95.10%
Keolis Eure	Evreux	543 650 535	FC	100.00%
Keolis Eure et Loire	Dreux	712 950 104	FC	99.77%
Keolis Garonne	Mazeres	304 927 320	FC	100.00%
Keolis Gascogne	Mont-de-Marsan	896 950 243	FC	100.00%
Keolis Gironde (ex SNCOA)	St-Médard-en-Jalles	322 188 194	FC	100.00%
Keolis Givors*	Grigny	329 532 147	FC	100.00%
Keolis Grand Tarbes	Tarbes	393 623 939	FC	100.00%
Keolis la Roche-sur-Yon	La Roche-sur-Yon	382 779 692	FC	100.00%
Keolis Languedoc	Agde	343 104 444	FC	100.00%
Keolis Laval	Laval	383 943 206	FC	100.00%
Keolis Littoral	Rochefort	339 343 808	FC	100.00%
Keolis Lorient	Lorient	572 028 694	FC	99.92%
Keolis Lyon	Lyon	308 077 635	FC	99.99%
Keolis Manche	Mondeville	575 650 296	FC	100.00%
Keolis Maritime Brest	Brest	383 935 582	FC	100.00%
Keolis Maritime Lorient	Larmor-plage	501 677 322	FC	99.00%
Keolis Marmande	Paris	432 545 135	FC	100.00%
Keolis Mobilité Hauts de Seine	La Plaine Saint-Denis	519 423 131	FC	100.00%
Keolis Mobilité Roissy	Le Mesnil-Amelot	520 045 006	FC	100.00%
Keolis Montargis	Villemandeur	325 600 393	FC	100.00%
Keolis Montélimar	Montélimar	339 893 927	FC	100.00%
Keolis Montluçon	Montluçon	302 453 667	FC	100.00%
Keolis Morlaix	Saint-Martin-des-Champs	380 331 884	FC	100.00%
Keolis Multinationale International	Paris	422 056 796	FC	100.00%
Keolis Narbonne	Narbonne	341 649 242	FC	100.00%

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Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Keolis Nevers	Nevers	498 381 581	FC	100.00%
Keolis Obernai	Obernai	519 803 845	FC	100.00%
Keolis Oise	Senlis	527 220 982	FC	100.00%
Keolis Pays de Montbéliard	Voujeaucourt	304 953 755	FC	100.00%
Keolis Pays des Volcans	Marcillat	408 366 177	FC	100.00%
Keolis Pays Normands	Carentan	441 288 800	FC	100.00%
Keolis Pays Nancéien	Bouxières aux Dames	513 010 934	FC	100.00%
Keolis PMR Rhône	Saint-Priest	343 261 590	FC	100.00%
Keolis Provence	Marseille	442 140 307	FC	100.00%
Keolis Pyrénées	Ibos	722 780 517	FC	95.16%
Keolis Quimper	Quimper	334 226 974	FC	100.00%
Keolis Rennes	Rennes	340 035 526	FC	99.84%
Keolis Réseau Départemental Sud Oise	Senlis	511 281 479	FC	100.00%
Keolis S.A.	Paris	552 111 809	FC	100.00%
Keolis Saint Brieuc	Cesson Sévigné	378 424 949	FC	100.00%
Keolis Saint Malo	Saint-Malo	490 948 163	FC	100.00%
Keolis Saintes	Saintes	322 214 073	FC	100.00%
Keolis Seine Maritime	Fécamp	345 850 531	FC	100.00%
Keolis Somme	Poix de Picardie	408 578 771	FC	100.00%
Keolis Sud Allier	Cusset	975 720 111	FC	100.00%
Keolis Sud Lorraine	Metz	343 348 694	FC	100.00%
Keolis Tourisçar Ain	Bellegarde-sur-Valserine	351 774 625	FC	100.00%
Keolis Tourraine	Loches	394 499 628	FC	100.00%
Keolis Tours	Saint-Pierre-des-Corps	311 567 416	FC	100.00%
Keolis Trois Frontières	Metz	572 042 026	FC	100.00%
Keolis Urbest	Besançon	382 532 349	FC	100.00%
Keolis Val d'Oise	Bernes-sur-Oise	339 654 147	FC	100.00%
Keolis Val de Maine	St-Barthélémy d'Anjou	490 838 794	FC	100.00%
Keolis Val de Saône	Chalon-sur-Saône	328 162 987	FC	99.10%
Keolis Vesoul	Vesoul	449 726 777	FC	100.00%
Keolis Vichy	Cusset	330 940 891	FC	100.00%
Keolis Voyages	Nantes	332 665 421	FC	100.00%
Keolis Yvelines	Versailles	323 161 554	FC	100.00%
Les Autobus d'Arcachon	La Teste de Buch	455 203 182	FC	100.00%
Les Bus Boïens	Biganos	391 986 825	FC	100.00%
Les Cars du Bassin de Thau	Sète	444 312 847	FC	100.00%
Les Cars Roannais	Le Coteau	302 457 262	FC	100.00%
Les Cars Tixier	Saint-Eloy Les Mines	301 896 478	FC	100.00%
Les Courriers Catalans	Perpignan	572 033 579	FC	100.00%
Les Courriers de l'Ile-de-France	Le Mesnil-Amelot	562 091 132	FC	99.99%
Les Courriers du Midi	Montpellier	572 047 215	FC	99.99%
Les transports Dunois	Dun Le Palestel	385 247 986	FC	100.00%
Loisirs et Voyages	Ambert	788 118 867	FC	100.00%
Lussiez Tourisme	Hernin	552 048 027	FC	95.04%
Millau Cars	Creissels	327 003 372	FC	99.86%
Monnet Tourisme	St-Etienne de St-Geoirs	997 655 600	FC	100.00%
Monts Jura Autocars	Besançon	344 148 515	FC	99.99%
Pacific Cars	La Plaine Saint-Denis	542 068 820	FC	100.00%
Prioris	La Plaine Saint-Denis	504 494 139	FC	66.00%

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Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Réseau en Vosges	Neufchâteau	522 004 597	FC	70.00%
SA Sap Drogoul	Vence	415 750 595	FC	99.16%
SAP Cariane Provence	Vence	415 750 595	FC	99.86%
SCAC Bagnis	Barjols	399 921 428	FC	50.98%
Setver	Draveil	303 494 181	FC	100.00%
SFD	Paris	397 080 037	FC	100.00%
Société de financement des Transports (Sofitra)	Menigoute	392 150 454	FC	100.00%
Société d'Exploitation des Transports Urbains d'Oyonnax	Oyonnax	450 675 798	FC	100.00%
Société d'Exploitation de l'Aéroport de Dole Jura	Lons-Le-Saunier	519 108 526	FC	51.00%
Société de Construction, d'Exploitation et d'Entretien A 14	Montesson	349 887 117	FC	50.96%
Société de Gestion de l' Aéroport d'Angers-Marcé	Marcé	419 836 432	FC	100.00%
Société Départementale des Transports du Var	Hyères	639 500 602	FC	95.07%
Société de Transports et de Services Aéroportuaires	Saint-Denis	333 363 539	FC	100.00%
Société des Transports Côte d'Azur Riviéra	Opio	415 850 148	FC	99.16%
Société des Transports de la Communauté Urbaine d' Arras	Arras	313 151 110	FC	99.40%
Société des Transports de l'Agglomération Chartraine	Tours	318 547 544	FC	100.00%
Société des Transports en Commun Nîmois	Nîmes	334 172 871	FC	100.00%
Société des Transports Robert	Martigues	329 690 671	FC	99.84%
Société des Transports Urbains Valentinoise	Portes-les-Valences	309 159 648	FC	99.92%
Société d'Exploitation des Cars Coudert	Loches	377 865 191	FC	100.00%
Société d'Exploitation de l'Aéroport Albert Picardie	Meaulte	497 767 525	FC	50.94%
Société d'Exploitation de l'Aéroport d'Epinal Mirecourt	Epinal	519 450 100	FC	51.00%
Société d'Exploitation des établissements Lenegre*	Thuret	397 280 017	FC	100.00%
Société Nouvelle de Transports - Comett	Marseille	692 049 596	FC	99.99%
Société pour la Mobilité à Paris - SOMAP	Paris	450 041 595	FC	100.00%
Société Rennaise de Transport et de Services (Handistar)	Chantepie	421 286 188	FC	100.00%
STA	Mennecy	314 988 619	FC	100.00%
STAC	Creil	696 480 573	FC	99.70%
Stefim	La Plaine Saint-Denis	432 371 235	FC	100.00%
SVTU	Versailles	778 151 662	FC	100.00%
TDM	Bourges	383 564 044	FC	100.00%
Tourisme Garage Vermot	Le Russey	380 292 540	FC	99.74%
TPN Voyages	Vichy	321 905 135	FC	100.00%
TPR	Pau	95 680 393	FC	99.99%
Train Bleu St Marcellin	Saint-Marcellin	58 501 909	FC	100.00%
Trans Val de Lys	Comines	468 501 150	FC	99.99%
Transétude	Lyon	300 938 297	FC	100.00%
Transports de la Brière	Saint-Nazaire	5 780 390	FC	59.99%
Transports en Commun de la Métropole Lilloise (Transpole)	Marcq-en-Baroeul	552 048 027	FC	99.99%
Transports et Services Aérolignes	Le Mesnil-Amelot	403 485 915	FC	100.00%

2 CONSOLIDATED FINANCIAL STATEMENTS

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Transports Evrard	Creil	696 480 516	FC	100.00%
Transports Gep Vidal	Perpignan	615 650 082	FC	99.98%
Transports Urbains de Reims	Reims	305 022 808	FC	98.48%
Transroissy	Roissy-en-France	385 301 288	FC	100.00%
Transthermal	Bourbon-L'Archambault	308 712 884	FC	100.00%
Transtub*	Paris	393 414 651	FC	99.88%
Var Tours	Cogolin	579 502 014	FC	94.55%
Via Autoroute*	Paris	330 667 213	FC	100.00%
Voyages Autocars Services	Romainville	324 973 163	FC	100.00%
Voyages Buchet	Le Côteau	327 529 301	FC	100.00%
Voyages Chargelègue	Menigoute	626 920 185	FC	100.00%
Voyages Dourlens	Bruay-la-Buissière	392 354 304	FC	100.00%
Voyages Monnet	St-Etienne de St-Geoirs	71 502 827	FC	100.00%
VS Voyages	St-Médard-en-Jalles	380 052 761	FC	100.00%
VTS Roissy	Le Mesnil-Amelot	483 987 913	FC	100.00%
Westeel Voyages	Sallaumines	334 630 076	FC	100.00%
Eurobahn Verkers Services Gmbh	Bielefeld	(Germany)	FC	100.00%
Keolis Deutschland Holding Gmbh	Mainz	(Germany)	FC	100.00%
Keolis Deutschland Vervaltung Gmbh	Mainz	(Germany)	FC	100.00%
KDR Victoria Pty Ltd	Melbourne	(Australia)	FC	51.00%
Keolis Australie	Melbourne	(Australia)	FC	100.00%
Autobus De Genval	Rixensart	(Belgium)	FC	100.00%
Autobus Dony	Borgloon	(Belgium)	FC	100.00%
Autobus Dujardin	Tournai	(Belgium)	FC	100.00%
Autobus Lienard	Chimay	(Belgium)	FC	100.00%
Autocars Jean Vandermeersch	Huizingen	(Belgium)	FC	100.00%
Belbus	Ixelles	(Belgium)	FC	100.00%
Brussels City Tours	Brussels	(Belgium)	FC	50.00%
Bus Immo	Landen	(Belgium)	FC	100.00%
Cardona-Deltenre	Nivelles	(Belgium)	FC	100.00%
Cariane Internationale Développement	Brussels	(Belgium)	FC	100.00%
Cintra	Ramillies-Offus	(Belgium)	FC	100.00%
Cintral	Landen	(Belgium)	FC	100.00%
City Liner*	Waterloo	(Belgium)	FC	99.60%
Eltebe	Brugge	(Belgium)	FC	100.00%
Eurobus Holding	Vise	(Belgium)	FC	100.00%
Eurobussing Vlaanderen	Vilvoorde	(Belgium)	FC	100.00%
Eurobussing Airport	Vilvoorde	(Belgium)	FC	100.00%
Eurobussing Brussels	Nivelles	(Belgium)	FC	100.00%
Eurobussing Wallonie	Nivelles	(Belgium)	FC	100.00%
Flanders Bus	Oostende	(Belgium)	FC	100.00%
Flanders Coach Group	Sint-Andries	(Belgium)	FC	100.00%
Garage Du Perron	Petit Rechain	(Belgium)	FC	99.72%
Gino Tours	Jabbeke	(Belgium)	FC	100.00%
Heyerick	Zulte	(Belgium)	FC	100.00%
Keolis Vlaanderen	Genk	(Belgium)	FC	100.00%
L.I.M. Collard-Lambert	Malmedy	(Belgium)	FC	100.00%
Luxbus	Luxembourg	(Belgium)	FC	100.00%
N.V. Autobusbedrijf Bronckaers	Genk	(Belgium)	FC	100.00%

2 CONSOLIDATED FINANCIAL STATEMENTS

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
N.V. Autobusbedrijf Bronckaers Hamont	Genk	(Belgium)	FC	100.00%
N.V. Autobussen De Reys	Mechelen	(Belgium)	FC	100.00%
Nv Autobussen Monserez-Verhenne	Marke	(Belgium)	FC	100.00%
Nv Autocars Henri De Boeck En Reizen Andre Leloup	Brussels	(Belgium)	FC	100.00%
Nv De Boeck Invest	Brussels	(Belgium)	FC	100.00%
Ramoudt Tours	Brugge	(Belgium)	FC	100.00%
Reniers & Co	Landen	(Belgium)	FC	50.02%
Reizen de Ra	Gistel	(Belgium)	FC	100.00%
S.A.D.A.R	La Calamine	(Belgium)	FC	100.00%
Sa A.B.C. Cars	Brussels	(Belgium)	FC	100.00%
Satracom	Waimes	(Belgium)	FC	100.00%
Sophibus	Philippeville	(Belgium)	FC	100.00%
Sprl Voyages F. Lenoir	La Louvière	(Belgium)	FC	100.00%
Sprl Taxis Melkior	Liège	(Belgium)	FC	100.00%
Sprl Truck Bus Repair (Tbr)	La Louvière	(Belgium)	FC	100.00%
T.C.M. Cars	Vise	(Belgium)	FC	100.00%
Transport Penning	Tintigny	(Belgium)	FC	100.00%
Voyages Lambin*	Bastogne	(Belgium)	FC	70.98%
Voyages Nicolay	Erquelinnes	(Belgium)	FC	100.00%
West Belgium Coach Company	Jabbeke	(Belgium)	FC	100,00%
Groupe Orleans Express	Quebec	(Canada)	FC	75,00%
Keolis Canada Inc	Montreal	(Canada)	FC	100,00%
City Trafik	Copenhagen	(Denmark)	FC	100,00%
Keolis America Inc.	Delaware	(United States)	FC	100,00%
Keolis Rail Services America	Delaware	(United States)	FC	100,00%
Keolis Rail Services Virginia	Delaware	(United States)	FC	100,00%
Fjord 1 Partner AS	Floro	(Norway)	FC	51,00%
Keolis Nederland	Amsterdam	(Netherlands)	FC	100,00%
Keolis UK	London	(United Kingdom)	FC	100,00%
Citypendeln	Stockholm	(Sweden)	FC	100,00%
CSG Commuter Security	Stockholm	(Sweden)	FC	100,00%
Keolis Nordic	Stockholm	(Sweden)	FC	100,00%
Keolis Sverige AB	Stockholm	(Sweden)	FC	100,00%

11.2. Joint Ventures

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Compagnie des Transports Collectifs de l'Ouest Parisien	Carrière-sous-Poissy	411 861 834	PC	50,00%
Orgebus	Brétigny-sur-Orge	382 761 104	PC	49,72%
Société de Transport de l'agglomération de Chauny	Chauny	414 072 462	PC	50,00%
Trans Pistes	Vitrolles	434 644 969	PC	40,00%
Transévry	Bondoufle	303 775 175	PC	39,42%
Slivia	Montreal	(Canada)	PC	40,00%
Syntus BV	Doetinchem	(Netherlands)	PC	50,00%
First Keolis Holding Limited	London	(United Kingdom)	PC	45,00%

2 CONSOLIDATED FINANCIAL STATEMENTS

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
First Keolis Transpennine Holding Limited	London	(United Kingdom)	PC	45,00%
First Keolis Transpennine Limited	London	(United Kingdom)	PC	45,00%
Govia Limited	Newcastle	(United Kingdom)	PC	35,00%
London & South Eastern Railway Limited	Newcastle	(United Kingdom)	PC	35,00%
New Southern Railway Limited	Newcastle	(United Kingdom)	PC	35,00%
London & Birmingham Railway Limited	Newcastle	(United Kingdom)	PC	35,00%
Thameslink Rail Limited	Newcastle	(United Kingdom)	PC	35,00%
Southern Railway Limited	Newcastle	(United Kingdom)	PC	35,00%

11.3. Associates

Name	Registered office	SIREN No	Method of consolidation	% of shareholding
Passerelle CDG	Tremblay-en-France	501 480 255	EM	34,00%
SCODEC	Cerizay	322 750 415	EM	34,99%
Transports Intercommunaux Centre Essonne (TICE)	Evry	343 077 095	EM	18,75%
NETLOG	Neubranddenburg	(Germany)	EM	33,00%
PROMETRO	Porto	(Portugal)	EM	20,00%

(*) Companies removed from the consolidation scope at 31 December 2010.

2 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2010, on:
- the audit of the accompanying annual financial statements of Keolis;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matters set out in notes 2.2 and 2.4.6 and 10 to the consolidated financial statements which describe the changes in accounting methods applied during the financial year.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters.

As mentioned in the notes to the consolidated financial statements, your company uses estimates to:
- perform impairment test on goodwill and indefinite life assets (notes 2.3, 2.4.4 and 2.4.9);
- assess provisions for pensions and other employee benefits (note 2.3, 2.4.18 and 5.14);
- take into consideration the risks relating to current litigations and to the execution of operating contracts (notes 2.3, 2.5.18 and 5.14).

Based on the information available to date, our work consisted mainly in appreciating data and hypotheses related to these estimates and to review management computations. We appreciated the reasonable nature of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented to the group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

French original signed on March 30, 2011 at Neuilly-sur-Seine and Paris-La Défense.

The statutory auditors

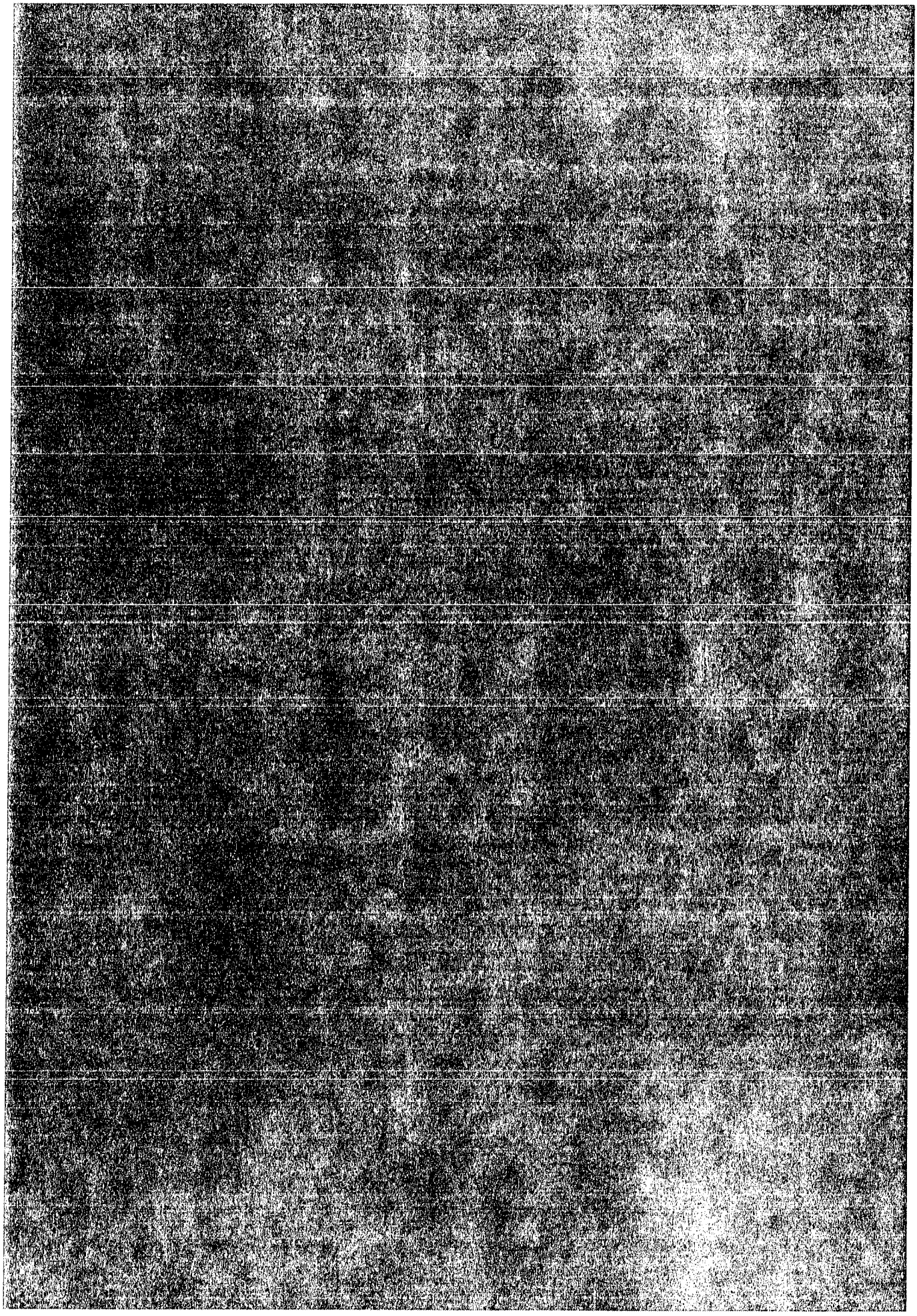
PricewaterhouseCoopers Audit

Vincent Gaide

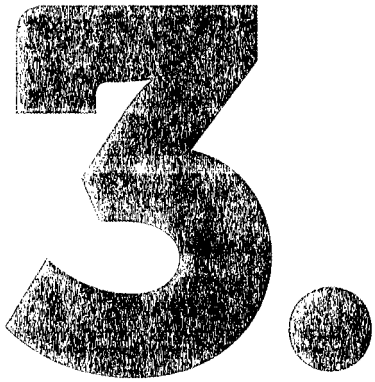
ERNST & YOUNG Audit

Nathalie Cordebar

Philippe Hontarrède



ANNUAL FINANCIAL STATEMENTS



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A. Annual financial statements at 31 December 2010

1. BALANCE SHEET AT 31 DECEMBER 2010

Assets

(Euro)	31/12/2010 Gross	Depreciation and provisions	Net	31/12/2009 Net
CAPITAL ASSETS				
Intangible assets:				
Preliminary expenses		-	-	-
Research & Development costs		-	-	-
Concessions,patents and related rights	**15,087,211**	**11,631,886**	**3,455,325**	3,153,069
Goodwill[1]		**17,015,018**	**7,856,211**	10,487,777
Other intangible assets			**12,319,606**	7,225,100
Advances,down payments for intangible assets	-	-	-	-
Property, plant and equipment:				
Land	**7,427,364**	**1,481,633**	**5,945,731**	3,657,413
Buildings	**8,733,747**	**5,161,122**	**3,572,625**	3,288,564
Technical facilities, equipment, machinery	**2,809,604**	**1,533,380**	**1,276,224**	1,535,369
Transport equipment	**669,687**	**544,511**	**125,176**	120,390
Other property, plant and equipment	**3,207,650**	**2,458,325**	**749,325**	675,091
PPE under construction	**9,788,714**		**9,788,714**	3,848,881
Advances and down payments	-	-	-	-
Non-current financial assets[2]:				
Shareholdings		**81,428,498**	**383,119,802**	311,221,451
Receivables from shareholdings		**23,624,721**	**94,072,204**	89,507,620
Other long-term investments		-	**150,249**	106,739
Loans		**37,686**	**954,554**	944,605
Other non-current financial assets	**890,382**	-	**890,382**	876,173
Total (I)	669,192,908	144,916,782	524,276,126	436,648,242

3 ANNUAL FINANCIAL STATEMENTS

(Euro)	31/12/2010 Gross	Depreciation and provisions	Net	31/12/2009 Net
CURRENT ASSETS				
Inventories and work in progress:				
Raw materials, supplies	-	-	-	-
Production in progress (goods and services)	-	-	-	-
Semi-finished and finished goods	-	-	-	-
Goods	**2,041**	-	**2,041**	-
Advances and down payments on orders	-	-	-	-
Trade receivables[3]:				
Trade receivables & accounts receivable	**38,586,561**	**316,590**	**38,269,972**	43,803,391
Other receivables		**52,805,365**	**56,863,998**	112,395,077
Subscribed called non paid-up capital	-	-	-	-
Marketable securities held for trading	**95,527,676**	**30**	**95,527,646**	126,030,978
Cash	**20,081,291**	-	**20,081,291**	6,186,787
Prepaid expenses[3]	**1,027,225**	-	**1,027,225**	267,290
Total (II)	264,894,158	53,121,984	211,772,174	288,683,522
Deferrable debt issuance costs (III)	-	-	-	-
Bond redemption premiums (IV)	-	-	-	-
Unrealised losses on foreign exchange transactions (V)	**4,978,326**	-	**4,978,326**	**7 129 887**
GRAND TOTAL (I+II+III+IV+V)	939 065 392	198,038,766	741,026,626	732,461,651
(1) Including lease renewal	-	-	-	-
(2) Including under one year	-	-	2,247 648	2,478 594
(3) Including over one year	-	-	-	-

Liabilities

(Euro)	31/12/2010	31/12/2009
EQUITY		
Share capital or individual capital (including €46,851,276 paid-up)	**46,851,276**	46,851,276
Additional paid-in capital	**-**	-
Revaluation reserves	**1,845,363**	1,845,363
Reserves		
Legal reserve	**4,685,128**	4,685,128
Other reserves	**56,232**	255,627
Retained earnings brought forward	**-**	-
Net profit/ (loss) for the year	**20,490,765**	19,126,756
Investment grants	**-**	-
Regulated provisions	**1,006,185**	789,713
Total (I)	74,934,949	73,553,864
CONTINGENCY AND LOSS PROVISIONS (II)	**51,203,543**	**34,212,905**
LIABILITIES[1]		
Financial liabilities		
Convertible bond issues	**-**	-
Other bond issues	**-**	-
Bank borrowings[2]	**127,240,156**	116,912,521
Other borrowings and debts	**78,275,065**	49,918,978
Customer advances and down payments	**-**	-
Trade & operating payables		
Trade notes and accounts payable	**19,012,885**	16,554,190
Tax and welfare payments	**45,873,848**	42,794,853
Others	**5,691,752**	3,073,993
Other liabilities		
Fixed asset liabilities and related accounts	**1,744,426**	1,163,527
Taxes payable (corporate income tax)		133,789
Others	**329,342,091**	388,697,890
Deferred income	**-**	-
Total (III)	607,180,224	619,249,740
Unrealised gains on foreign exchange transactions (IV)	7,707,911	5,445,143
GRAND TOTAL (I+II+III+IV)	741,026,626	732,461,651
(1) Including under one year	**423,310,246**	489,994,392
Including over one year	**177,552,000**	129,255,348
(2) Including bank overdrafts & bank accounts in credit	**27,160,708**	36,486,455

3 ANNUAL FINANCIAL STATEMENTS

2. INCOME STATEMENT

(Euro)	31/12/2010	31/12/2009
OPERATING INCOME		
Sales of goods	-	-
Sales of manufactured products and services	**155,223,584**	149,235,172
Net revenue	**155,223,584**	149,235,172
Production held as inventory	-	-
Capitalised production	**1,131,905**	899,478
Operating grants	-	-
Reversals of depreciation and provisions	**1,449,892**	919,784
Expense transfers	**1,911,096**	3,709,552
Other income	**2,323,143**	185,761
Total operating income (I)	162,039,620	154,949,747
OPERATING EXPENSES		
COGS (Cost of goods sold) in period:		
Stock purchases	-	-
Change in inventory of goods	-	-
External purchases and charges:		
Inventory purchases	-	-
Change in inventory purchases	-	-
Non-inventory purchases of materials and supplies	**873,697**	889,979
External personnel	**6,999,141**	7,906,916
Leasehold expenses	-	45,950
Other	**34,621,055**	30,742,923
Taxes and similar payments	**7,172,156**	7,122,542
Payroll expenses:		
Wages and salaries	**74,251,465**	70,075,822
Welfare contributions	**34,694,636**	31,896,415
Operating allowances:		
On capital/fixed assets:		
- depreciation expense	**2,806,489**	2,648,242
- charge to provisions	-	-
On current assets:		
- charge to provisions	**223,255**	242,762
For contingency and loss provision:		
- charge to provisions	**789,198**	723,129
Other charges	**2,120,272**	7,666,402
Total of operating charges (II)	164,551,364	159,961,080
Operating profit/(loss) (I - II)	**(2,511,744)**	(5,011,333)
Net gains (losses) from joint ventures:		
Attributed profit or transferred loss (III)	**10,937,572**	16,359,951
Loss borne or transferred profit (IV)	**3,680,372**	2,372,993

ANNUAL FINANCIAL STATEMENTS

(Euro)	2010	2009
FINANCIAL INCOME		
Financial income from shareholdings	**67,789,446**	55,430,131
Other marketable securities and receivables from capitalised assets	**-**	-
Other similar interests and income	**1,444,700**	9,452,304
Reversal of provisions charged and expense transfers	**23,258,998**	28,263,089
Foreign exchange gains	**8,744,087**	9,349,377
Net gains on sales of marketable securities	**517,622**	885,038
Total financial income (V)	101,754,853	103,379,939
FINANCIAL EXPENSES		
Depreciation and provisions	**61,260,802**	62,232,252
Interests and similar expenses	**9,915,905**	9,996,603
Foreign exchange losses	**11,376,258**	5,575,371
Net expenses on sales of marketable securities	**-**	-
Total financial expenses (VI)	82,552,965	77,804,225
Financial income (V - VI)	**19,201,887**	25,575,714
Profit before tax and exceptional items (I - II + III - IV + V - VI)	**23,947,344**	34,551,331
EXCEPTIONAL GAINS		
Exceptional gains on operations	**25,148**	-
Exceptional gains on equity transactions	**2,071,208**	6,527,545
Reversal of provisions charged and expense transfers	**1,842,073**	2,091,150
Reversal of provisions for tax	**-**	176,973
Total exceptional gains (VII)	3,938,428	8,795,668
EXCEPTIONAL LOSSES		
Exceptional losses on operations	**2,285,578**	1,880,494
Exceptional losses on equity transactions	**418,309**	6,569,990
Depreciation and provisions	**5,018,573**	15,746,109
Total exceptional expenses (VIII)	7,722,459	24,196,593
Exceptional income (loss) (VII - VIII)	**(3,784,031)**	(15,400,924)
Employee profit-sharing	**-**	(48,482)
Corporate income tax	**(327,452)**	72,133
NET PROFIT (LOSS)	20,490,765	19,126,756

3 ANNUAL FINANCIAL STATEMENTS

B. Notes to the financial statements

1. HIGHLIGHTS OF THE FINANCIAL YEAR

The Keolis Group reaped the full year benefits of the many instances of successful 2009 development. 2010 stands out, in particular internationally, by the exercise of puts in several cases, allowing the Group to assert its role as a controlling shareholder.

International activities:

- **Canada:** full effect in 2010 of the acquisition of the subgroup Gaudreault completed in September 2009.
- **Belgium:** Full effect in 2010 of the acquisition by Keolis Vlaanderen of 100% of the Flanders Coach Group in September 2009. Furthermore, Keolis S.A. acquired 29.16% of EBH from SRWT, which had exercised its put option, and purchased the 30.79% stake held by Belbus. On 31 December 2010, Keolis S.A. owned 100% of EBH.
- **Australia:** full effect in 2010 of the win of the Melbourne tram tender, the related operations having started up in December 2009.
- **Germany:** full effect of the Maas-Rhein-Lippe contract started up in December 2009 (rail franchise).
- **United States:** start in July 2010 of the Virginia Railway Express operating contract in Washington (won in November 2009).
- **Sweden:** Keolis S.A. acquired 30% of Busslink, from SL, which exercised its put option. At 31 December 2010, Keolis owned 100% of this company which was subsequently renamed Keolis Sverige. Furthermore, 2010 saw the loss of the Örebro and Nyköping contracts and the start-up of operations in Gothenburg.
- **Netherlands:** Syntus started up the Midden-Overijssel and Veluwe contracts and ended the Achterhoek bus contract.
- **Norway:** launch of the Bergen tram line in June 2010 following the win of the contract in April 2009 by Fjord1 Partner.
- **Denmark:** full effect in 2010 of the award of the Movia A4 contract in December 2009.

In France:

- Full effect in 2010 of the Bordeaux contract launched in May 2009.
- Discontinuance of operations for Airelle.
- Acquisition of "Autocars d'Arcachon" and "Les Bus Boïens" under the Gascogne Océan regional division.
- Divestment of airport operations in Clermont-Ferrand, Chambéry, Quimper and Grenoble.
- A tax audit was carried out for financial years 2007 and 2008 and did not lead to any significant adjustments to returns.

2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

The general accounting principles were applied in observance of the prudence (or conservatism) concept, in accordance with the following basic assumptions:

- going concern concept;
- consistency of accounting methods from one financial year to the next;
- independence of financial years

and observance of the general rules governing the preparation and presentation of annual financial statements laid down by the French *Plan Comptable Général* (general chart of accounts).

The main methods used are described below:

Non current intangible and tangible assets are measured either at their acquisition cost or, when produced, at the cost of production or at their carrying amount re-measured under the statutory methods.

Intangible assets

Concessions, patents, licences, brands or trademarks, processes, rights and similar assets

This item mainly covers the cost of acquired IT software, which is amortised on a straight line basis over a 3 year period for IT projects and 1 year for office software programs.

CWIP (construction work in progress) corresponds to expenditure on implementing the new financial information system, and thus includes all expenses that may directly relate to it and are necessary to create, produce and prepare the asset so that it is able to operate in the manner intended by management.

Goodwill

Negative goodwill, consisting of unrealised capital gains on contributed assets, net of unrecognised liabilities (deferred tax), is not amortised.

On the reporting date, an impairment loss is recognised when the acquisition value of a business is higher than its value in use determined on the basis of a range of valuation methods (Discounted Cash Flow, Revalued Net Position). The business is grouped with other assets

to determine its value in use in the context of the impairment test.
Goodwill impairment was recognised in 2010 for an amount of €2,632 K.

Property, plant and equipment
Items of property, plant and equipment are measured at their cost of acquisition (purchase price plus incidental costs) or cost of production
The depreciable lives and depreciation methods are as follows:

Buildings	15 to 20 years Straight line
Machinery and equipment	5 to 10 years Straight line
Office equipment and furniture	5 to 10 years Straight line
Vehicles:	
- Coaches and buses	10 to 15 years Straight line
- Light vehicles	5 years Straight line

Non-current financial assets
Shareholdings and other investments recognised as capital assets
Shareholdings are recognised at their acquisition price including acquisition costs.
On the reporting date, an impairment loss is recognised when the acquisition value of an equity interest is higher than its value in use determined on the basis of a range of valuation methods (Discounted Cash Flow, Revalued Net Position).

Receivables from shareholdings and current accounts
Receivables relating to shareholdings and current accounts are recognised at their nominal value.
Where the shareholding securities are totally impaired and the net position of the subsidiary is negative, an impairment loss is recognised for the entirety of the receivables relating to shareholdings and current accounts due to the risk of loss of these receivables in case of disposal or discontinuance of the subsidiaries' activity.

Marketable securities held for trading
These are recognised at acquisition cost. Where applicable, impaired value is recognised for each line of securities of the same type, in order to align their value with the average stock-market price for the latest month, or with their probable traded value in the case of unlisted securities. The market value of marketable securities held for trading at 31 December 2010 amounted to €95,915K.

Other operating income
For disposals of transport equipment, the net carrying amount of the vehicles and their sale prices on disposal are recognised in the income statement under Other operating expenses and Income respectively.

Results of companies in which Keolis has a non-controlling interest
Results of companies in which Keolis has an equity interest are recognised under "Net gains / (losses) from joint ventures".

Current assets
Receivables and payables
Receivables and payables are measured at their nominal value. For receivables, a value impairment provision is set aside when the realisable value falls below the carrying amount. Foreign currency receivables and payables are converted at the rate prevailing on the reporting date, the difference arising from the translation is recognised under "Unrealised gains/(losses) on foreign exchange transactions". Unrealised foreign exchange losses are covered by a provision for risks, while unrealised foreign exchange gains are not recognised in the taxable income.

Foreign currency bank accounts kept in domestic currency
"Foreign currency bank accounts" and "Foreign currency current accounts" record transactions in euros, on the basis of the daily exchange rate. At the year end date, the foreign currency balance is measured as per article 342-7 of the PCG (French General Chart of Accounts), according to the latest spot exchange rate, and any exchange differences arising are recorded in foreign exchange losses and/or gains accounts.

Contingent liability provisions
Long service awards
In accordance with CNC recommendation 2003-R-01 dated 1 April 2003, a provision for long service awards is recognised in the company's financial statements; this covers the cost of probable payment thereof to employees in the company. As is the case for retirement bonuses, this provision is funded in proportion to the employee's length of service, factoring in the probability of such employees serving for the period required to receive the award (more particularly factoring in staff turnover and mortality tables).

Provisions for disputes
Provisions for disputes cover all risks and losses regarded as probable in relation to all types of lawsuits encountered by Keolis S.A. in the conduct of its business. Measurement of these provisions requires estimates to be made as stated in Note 3 below.

Provisions for subsidiary risks

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Where the subsidiaries' situation is likely to require Keolis S.A. to increase its commitment beyond the capital and advances given, a provision for the contingent loss is made.

Retirement benefit commitments
Keolis S.A.'s retirement benefit commitments are stated in the notes to the financial statements, and are determined using the projected credit unit method, in accordance with CNC recommendation 2003-R-01 and IAS 19. These commitments are measured on the basis of pension entitlements, as a proportion of length of service at the measurement date to the total length of service at the time of retirement. In determining the commitments, account is taken of length of service, life expectancy, the staff turnover rate as well as assumptions for revaluation and discounting. The main assumptions adopted are described in note 17.

3. ESTIMATES MADE IN PREPARING THE ANNUAL FINANCIAL STATEMENTS

In drawing up the annual financial statements, the management of Keolis S.A. may need to make estimates and adopt assumptions affecting the carrying amount of assets and liabilities, income and expenses, and information relating to unrealised assets and liabilities. Actual future results may differ appreciably from those estimates.
The underlying assumptions and estimates are made on the basis of past experience and other factors regarded as reasonable with regard to the circumstances. Those estimates and assumptions also provide the basis for exercising judgement when determining the carrying amounts of assets and liabilities that cannot be directly obtained from other sources. The true values may differ from the estimates.
Underlying assumptions and estimates are continuously re-examined. In particular, current disputes and litigation, relating to appeals on tenders (Eiffage) or on warranty claims (Eurolines), or with employees, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the measurement of assets or liabilities.
The impact of changes in accounting estimates is recognised during the period of the change where they only affect that period, or during the period of the change and subsequent periods where the latter are also affected by the change.

4. FINANCIAL INSTRUMENTS

At the year end date, unrealised gains are not recognised. Unrealised losses are recognised except when they relate to instruments subscribed in either of the two following cases:
- hedging underlying assets recognised in the balance sheet that have not been revalued;
- hedging future financial flows expected in a forthcoming financial year, under the principle of their being related to the financial year concerned.

At settlement, the gains received and losses disbursed are recognised in the profit or loss account at the same time as the expenses and income of the hedged item.

All hedging transactions, whether foreign exchange, interest rate or commodities risks, are conducted with first class bank counterparties. Consequently, the counterparty risk can be regarded as negligible.

Interest rate risk
Keolis S.A. contracted on 30 September 2010 a syndicated bullet loan from the Crédit Agricole regional banks, maturing on 30 September 2015, for a nominal amount of €100 million divided into a tranche A of €87.5 million and a tranche B of €12.5 million.
Tranche A, initially contracted at a fixed rate, is linked to two interest rate swaps between Keolis S.A. and CA-CIB, which have the effect of reducing the fixed rate by 7 bp.
Tranche B, initially contracted at a variable rate, is linked to two interest rate swaps between Keolis S.A. and CA-CIB, which have the effect of reducing tranche B to a fixed rate financing.

The breakdown of KEOLIS S.A.'s debt between fixed rate and variable rate, excluding and including the derivatives portfolio, is as follows:

	31/12/2010	31/12/2009
Breakdown excluding derivatives (millions of euros)		
Variable rate	**12.5**	-
Fixed rate	**87.5**	-
Breakdown including derivatives (millions of euros)		
Variable rate	-	-
Fixed rate	**100**	-

Foreign exchange risk
The foreign exchange risk on currency intercompany loans of significant amounts is hedged in order to fix the exchange rate on them.

These loans are revalued at the reporting date at the rate prevailing at year end. Any positive or negative differences on revaluation measurement are recognised under financial income/expense. The corresponding change in value of the hedging instruments subscribed to hedge those intercom-

pany loans is also recognised under financial income/expense. The derivatives used are described as held for Trading.

Hedges of intercompany loans at 31 December 2010 included:
- forward purchases for a nominal total of GBP 21.9 million, maturing in 2011;
- forward purchases for a nominal total of USD 1.8 million, maturing in 2011;
- forward purchases for a nominal total of AUD 19.1 million, maturing in 2011.

Hedging instruments are firm futures and options. The hedging instruments used are standard and liquid, namely:
- forwards (purchases and sales);
- currency swaps;
- plain-vanilla calls;
- a combination of puts and calls to provide symmetrical or asymmetrical collars;
- barrier interest rate options limited to 20% of the underlying exposure;

Naked option puts are authorised only to unwind existing option call positions.

Raw-materials risk

In connection with its activity, the Group needs to purchase considerable quantities of fuel.

The energy price risk is hedged using price indexation clauses in the contracts signed by Keolis and its subsidiaries with their clients. For about half of its purchases, Keolis bears the risk until the increases are passed on to its customers. This usually takes between a few months and twenty-four months at most. Management's objective is to defend the prices indexed under the contracts. A hedging policy was therefore instituted in 2005 to cover this temporary exposure.
However, due to the renewal of the Lyon contract in 2010, which relies for six years on the assumption of a diesel price set in 2010, the Group had to set up hedges to protect against the risk of an increase in the diesel price for the consumption volumes relating to the six years of the contract.

Hedging instruments are firm futures and options.

The Group hedges the raw materials risk using standard and liquid hedging instruments, namely:
- swaps;
- plain-vanilla calls;
- a combination of puts and calls to provide symmetrical or asymmetrical collars;
- barrier interest rate options limited to 20% of the underlying exposure;

Naked option puts are authorised only to unwind existing option call positions.
Diesel hedges taken by Keolis on behalf of the Keolis group excluding Lyon, at 31 December 2010, are as follows:
- swaps for a nominal volume of 9,450 metric tons, of which 6,750 mature in 2011 and 2,700 mature in 2012;
- collars comprised of caps and floor puts for a nominal volume of 9,900 metric tons, maturing in 2011;
- floor puts for a nominal volume of 20,200 metric tons, maturing in 2011.

Diesel hedges taken by Keolis on behalf of Keolis Lyon, at 31 December 2010, are as follows:
- swaps for a nominal volume of 26,100 metric tons, maturing in 2011;
- collars comprised of caps and floor puts for a nominal volume of 3,000 metric tons, maturing in 2011;
- cap calls for a nominal volume of 9,000 metric tons, maturing in 2011;
- floor puts for a nominal volume of 2,400 metric tons, maturing in 2011.

5. FINANCIAL INCOME AND EXPENSE

(€ thousand)

They mainly include:	
- income from shareholdings	67,789
- depreciation and provisions	(61,261)
- interest on current accounts	(3,497)
- reversal of provisions charged and expense transfers	23,259
- foreign exchange gains / (losses)	(2,632)
- gains on disposals of marketable securities	518
- merger losses	(865)
- remittals of debt	(2,159)
- other financial income and expenses	(1,951)

6. NON-RECURRING INCOME AND EXPENSE

(€ thousand)

This heading mainly includes:	
- provisions charged, net of reversals (*):	(2,848)
- employee-related expenditure	(2,568)
- income from real estate disposals	1,367
- income from disposals of non-current financial assets	297
- tax penalties	(20)
- other	(12)

(*) Of which (2,632) goodwill impairment made up of the technical loss from Keolis Sud Allier.

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7. CORPORATE INCOME TAX

Corporate income tax for the year breaks down as follows:

(€ thousand)

	Profit (loss) before tax	Tax due	Net profit/loss for the year
Current	23,947	327 (1)	24,274
Exceptional	(3,783)	-	(3,783)
Shareholdings	-	-	-
Total	20,164	327	20,491

The Company is consolidated for tax purposes in the Group headed by GROUPE KEOLIS S.A.S.. The tax expense and payments are determined on the basis that would have prevailed in the absence of tax consolidation.

The tax consolidation agreement requires the parent to return to the subsidiaries tax savings gained from the use of their losses, recognised in income, as soon as the subsidiaries start generating profits.

The amount of losses that could be carried forward at 31 December 2010 totalled €39,496K.

(1) This consists of the corporate income tax credit from prior years recognised in the current year.

8. STATEMENT OF CAPITAL ASSETS

(€ thousand)	Gross value at beginning of period	Increase	Decrease	Gross value at end of period
Intangible assets				
Research & Development costs	-	-	-	-
Concessions, patents, licences and similar rights	**13,943**	2,137	993	**15,087**
Leasehold	-	-	-	-
Goodwill	**24,871**	-	-	**24,871**
Intangibles - work in progress	**7,225**	5,095	-	**12,320**
Property, plant and equipment				
Land	**5,065**	2,584	221	**7,428**
Buildings	**9,010**	675	951	**8,734**
Technical Facilities, equipment and machinery	**2,770**	40	-	**2,810**
Transport equipment	**637**	33	-	**670**
Other property, plant and equipment	**2,951**	269	13	**3,207**
PPE - work in progress	**3,849**	5,940	-	**9,789**
Non-current financial assets				
Shareholdings	**388,986**	75,953	391	**464,548**
Receivables from shareholdings	**111,778**	8,633	2,714	**117,697**
Other long-term investments	**178**	-	28	**150**
Loans	**982**	10	-	**992**
Other non-current financial assets	**876**	14	-	**890**
TOTAL	573,122	101,382	5,312	669,192

Goodwill
Goodwill mostly stems from technical losses on the merger of Keolis Sud Allier for €17,005K and companies of the Ernest Planche group for €7,807K.

Transportation equipment
Investments in road passenger vehicles are made by Group subsidiaries or financial institutions.

Property, plant & equipment under construction
PPE under construction mainly include the design, development and deployment of an ERP and payroll management software developed by special internal and external teams. PPE under construction primarily concern real estate constructions.

Shareholdings
The main increases during the year arise from purchases, company creations, securities swaps and new equity issues::
- Eurobus Holding: €72,969K
- Autobus d'Arcachon: €2,696K

The main decreases of the year arise from disposals, liquidations, cancellation of earn out:
- Via Autoroute: €153K
- Valence: € 77K

Receivables from shareholdings
The main increases during the financial year:
- KDR Victoria Pty Ltd: €3,240K
- Citypendeln: €2,107K
- Keolis Deutschland: €1,200K

The main decreases during the financial year:
- Société Transports Robert: €1,086K

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9. STATEMENT OF DEPRECIATION AND AMORTISATION OF CAPITAL ASSETS

(€ thousand)	Depreciation at beginning of period	Increase	Decrease	Depreciation at end of period
Intangible assets				
Preliminary expenses	-	-	-	-
Concessions, patents, licences and similar rights	**10,790**	1,835	993	**11,632**
Goodwill	**9**	-	-	**9**
Property, plant and equipment				
Land developments	**1,354**	78	3	**1,428**
Buildings	**5,721**	375	935	**5,161**
Facilities, machinery and industrial equipment	**1,235**	299	-	**1,534**
Transport equipment	**517**	28	-	**546**
Other capital assets	**2,276**	194	12	**2,458**
TOTAL	21,902	2,809	1,943	22,768

10. STATEMENT OF PROVISIONS

(€ thousand)	Amount at beginning of period	Increase	Decrease	Amount at end of period
Regulated provisions	**790**	216	-	**1,006**
Provisions for contingencies and losses				
Including provision for long-service awards	**318**	367	318	**367**
Including provision for subsidiary risk	**26,091**	18,046	-	**44,137**
Including provision for disputes	**5,992**	2,921	2,248	**6,665**
Including provision for foreign exchange losses	**1,812**	35	1,812	**35**
Asset impairment				
Goodwill	**14,374**	2,632	-	**17,006**
Land	**54**	-	-	**54**
Shareholdings	**77,764**	12,325	8,661	**81,428**
Loans and other non-current financial assets	**22,380**	3,908	2,625	**23,663**
Trade and other accounts receivable	**961**	270	914	**317**
Other receivables	**36,105**	26,970	10,270	**52,805**
TOTAL	186,641	67,690	26,847	227,482

Provisions for contingencies and losses
All the €1,100 K of used reversals of provisions relate to provisions for disputes.

Provisions for subsidiary risks
The main increases during the financial year are:
- Keolis Bordeaux: €11,588K
- Keolis Lyon: €4,493K

Impairment of goodwill
Based on the impairment test as described in Note 2, a goodwill impairment of €2,632K relating to Keolis Sud Allier was recognised as an exceptional loss in the period.

Impairment of shareholdings
The main increases during the financial year are:
- Keolis Seine Maritime: €1,948K
- Transports Evrard: €1,930K
- Keolis Sud Allier: €1,892K
- Voyages Monnet: €1,367K
- Loisirs et Voyages: €1,315K
- Keolis Centre: €933K

The main decreases during the financial year:
- Westeel Voyage: €3,327K
- Transports Urbains Reims: €1,157K
- Société d'Exploitation de Transports Voyageurs Evry-Ris: €929K
- Autocars Charrière: €679K
- Intrabus Orly: €485K
- SFD: €572K

Amortisation of loans and other non-current financial assets

The main increase for the financial year:
- Citypendeln: €2,107K

The main decreases during the financial year:
- Société Transports Robert: €1,528K

11. RECEIVABLES AND PAYABLES MATURITY TABLE

RECEIVABLES (€ thousand)	Gross amount	Due in less than one year	Due in more than one year
Capital assets			
Receivables from shareholdings	117,697	2,248	115,449
Loans	992	-	992
Other non-current financial assets	890	-	890
Current assets			
Trade and other accounts receivable(1)	38,587	38,587	-
Other receivables(2)	109,669	109,669	-
Prepaid expenses	1,027	1,027	-
Total	268,862	151,531	117,331

(1) Trade and other accounts receivable: include €20,423K of accrued invoices.
(2) Other receivables: specifically include €89,489K of current accounts and €5,165K of shares in income receivable from shareholdings.

LIABILITIES (€ thousand)	Gross amount	Within 1 year	Between 1 and five years	More than five years
Other bonds and borrowings from lending institutions(1)	127,240	27,240	100,000	-
Miscellaneous borrowings and financial debt	78,275	723	77,552	-
Trade notes and accounts payable	19,012	19,012	-	-
Tax and welfare payments	45,874	45,874	-	-
Other	5,692	5,692	-	-
Fixed asset liabilities and related accounts	1,744	1,744	-	-
Other payables(2)	329,342	329,342	-	-
Total	607,179	429,627	177,552	-

(1) Including €27,160K of bank balances in credit.
(2) Other payables: specifically include deposits on short-term current accounts and cash pooling received from subsidiaries for €237,062K.

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12. ITEMS CONCERNING RELATED PARTIES

(€ thousand)	Amount at 31/12/2010
ASSETS	
Shareholdings	**464,548**
Receivables from shareholdings	**117,697**
Trade and other accounts receivable	**33,320**
Other operating receivables	**101,502**
LIABILITIES	
Miscellaneous borrowings and financial debt	**77,890**
Trade notes and accounts payable	**5,709**
Debt on long-term assets	**53**
Other operating payables	**327,486**
FINANCIAL INCOME	
Revenue from equity holdings	**60,126**
Guarantee costs	**1,050**
Merger gain	**154**
Interest on current accounts	**7,663**
FINANCIAL EXPENSES	
Interest on current accounts	**3,497**
Merger loss	**1,019**
Remittal of debts	**2,159**

No information is given about transactions entered into between related parties to the extent that such transactions were carried out on arm's length terms.

13. EQUITY

(€ thousand)	Amount at 31/12/2009	Dividends 2010	Net income for period 31/12/2010	Other changes	Amount at 31/12/2010
Share capital	46,851	-	-	-	**46,851**
Additional paid-in capital	-	-	-	-	**-**
Revaluation reserves	1,845	-	-	-	**1,845**
Legal reserve	4,685	-	-	-	**4,685**
Other reserves	255	(199)	-	-	**56**
Retained earnings brought forward	-	-	-	-	**-**
Profit for the year	19,127	(19,127)	20,491	-	**20,491**
Regulated provisions	789	-	-	216	**1,006**
Total	73,554	(19,326)	20,491	216	74,934
Dividends paid out	*(50,365)*	-	-	-	***(19,326)***

Share capital

At 31 December 2010, registered capital amounted to €46,851,276, divided into 3,904,273 shares, each with a nominal value of €12.

Increases and decreases in future tax liability
The following are the bases for deferred taxation:
(€ thousand)

Deferred tax asset basis
Expenses for the year not deducted for tax purposes: 18,052
Future period income taxed during the financial year: 7,708

Deferred tax liabilities basis
Future period expenses deducted during the financial year: 4,978

14. ACCRUED EXPENSES, ACCRUED INCOME AND ACCRUAL/ADJUSTMENT ACCOUNTS

(€ thousand)

ACCRUED EXPENSES	
Accrued interest on advances and current accounts	4,723
Accrued supplier invoices	13,154
Tax and welfare payments	31,501
Accrued interest - cash	79
Credits to be issued	1,571
Total	51,028

ACCRUED INCOME	
Accrued interest on advances and current accounts	9,873
Dividends receivable	2,039
Accrued customer invoices	20,423
Credits to be received	83
Result of diesel swap settlement	384
Total	32,802

PREPAID EXPENSES	
Prepaid operating expenses	1,027

15. TRANSFERRED CHARGES

(€ thousand)

Employee-related expenditure	914
Refunds to training tax collection agency	1,000
Insurance Reimbursements	(2)
Total	1,912

16. BORROWINGS

(€ thousand)

OTHER BOND ISSUES AND BORROWINGS FROM CREDIT INSTITUTIONS

These can be summarised as follows:

- Borrowings from lending institutions	100,000
- Bank balances in credit	27,160
- Accrued interest on borrowings and other financial liabilities	80
Total	127,240

(€ thousand)

MISCELLANEOUS BORROWINGS AND FINANCIAL LIABILITIES

This item includes:

- Subsidiaries' advances on current account	77,890
- Deposits received on property rentals	355
- Other financial liabilities	30
Total	78,275

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17. OFF-BALANCE SHEET COMMITMENTS

Lease commitments

Recognition under fixed assets and depreciation of items financed through leasing would have resulted in the following values at 31 December 2010:

BALANCE SHEET ITEMS (€ thousand)	Leased capital assets			
	Capitalized cost	Depreciation		Net value
		of period	cumulative	
Land	278	-	-	278
Buildings	1,517	101	1,385	132
Transport equipment	176	-	176	
Totals	1,971	101	1,561	410

The commitments at 31 December 2010 are as follows:

BALANCE SHEET ITEMS (€ thousand)	Leasing commitments						
	Leasing payments made		Leasing payments outstanding				Residual purchase price
	for the year	cumulative	under 1 year	between 1 and 5 years	over 5 years	Total payable	
Land - buildings	171	699	171	42	-	213	1
Totals	171	699	171	42	-	213	1

Contractual obligations

All operating leases relating to vehicles (buses and coaches) are entered into for average terms of 8 years; in the vast majority of cases, the residual value is the market value projected to the end of the rental period. Outstanding leasing payments net of VAT at 31 December 2010 totalled 287,840K broken down as follows:

- less than one year: €59,693K;
- from 1 to 5 years: €187,621K;
- over 5 years: €40,526K;

making a total of €287,840K.

Most of these contracts are subscribed by the subsidiaries. Keokis S.A. gives the financing institutions an undertaking to continue the leasing, in other words pay leasing instalments in the event of default by or insolvency of the subsidiary. In return, the financing institution undertakes to maintain the availability of the corresponding vehicles for the Group.

Other financial commitments

The Keolis bank credit initially contracted on 24 May 2007 was amended on 13 July 2010. The Group renegotiated its financing on both the final reimbursement date (scheduled in May 2012) and by obtaining additional financing facilities.

The banks agreed to extend the final maturity for the Group by one year (to May 2013) or further extend by another year (May 2014) at the discretion of the banks in 2011.

The Group also obtained clearance for additional debt of €200 million.
This was in return for an increase in credit margins.

Out of the €200 million authorised: on 30 September 2010, €100 million of the Crédit Agricole facility was utilised by Keolis S.A. by way of private placement for a period of 5 years.
The remaining €100 million had not been utilised at 31 December 2010.

Bank guarantees (deposits and guarantees): €80.8 million.
Parent company guarantees: €428.1 million.

Individual training entitlements

The estimated cumulative number of hours of training vested in employees for the purposes of the DIF (Individual Training Entitlement) amounted to 101,215 hours on 31 December 2010.
A volume of 99,814 hours of training had not been applied for as of 31 December 2010.

Other commitments

Remittals of debt granted to subsidiaries

Debt remittals with a clawback clause amount to €2,159K.

Retirement benefit commitments

Retirement benefit commitments amount to €4,498K calculated using the method described in note 2.

Keolis S.A. provides financial support for certain Group subsidiaries.

The following assumptions were made to calculate the said retirement benefits:

- Assessment date: 31/12/2010
- Discount rate: 4.25 %
- Insurance fund rate of return: 4%
- Expected long term inflation rate: 2 %
- Average growth rate of salaries (variable rate according to age Group):
  - 3% for managers
  - 2% for non management staff.

18. STAFFING LEVELS

The average annual staffing level breaks down as follows:

	31/12/2010	31/12/2009
Managers	**975**	931
Supervisory and technical	**153**	141
Clerical	**58**	50
Total	1,186	1,122

19. SENIOR MANAGEMENT COMPENSATION

No directors' fees were awarded to members of the Group's senior management or executive bodies.

Compensation of members of the senior management bodies

No compensation was paid to members of the senior management bodies during the 2009 financial year.

20. POST-BALANCE SHEET EVENTS

There are no significant events to report after the balance sheet date.

21. CONSOLIDATING ENTITY

The company prepares its own consolidated financial statements. Furthermore, it is fully consolidated into the financial statements of GROUPE KEOLIS S.A.S., 9 rue de Caumartin, 75009 Paris.

3 ANNUAL FINANCIAL STATEMENTS

Information on subsidiaries and non-consolidated investments (position at 31 December 2010)

DETAILS OF SHAREHOLDINGS WITH A CARRYING VALUE EXCEEDING 1% OF THE CAPITAL OF THE COMPANY REQUIRED TO DECLARE THE SIGNIFICANT SHAREHOLDING.

A - SUBSIDIARIES (IN WHICH THE COMPANY HOLDS AT LEAST 50% OF THE CAPITAL)

COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
1) French subsidiaries										
Cariane Multimodale International 9, rue de Caumartin - 75009 Paris	37	4	100.00%	1,246	1,246	0	0	0	-2	0
Keolis Garonne ZI de Bonzom - 09270 Mazères	38	725	100.00%	1,608	1,608	-590	0	3,787	307	308
Keolis Vichy Boulevard Alsace Lorraine - 03300 Cusset	300	330	100.00%	660	660	0	0	2,939	132	0
Keolis Aude 1, place Davilla - 11000 Carcassonne	168	-607	100.00%	1,242	0	0	0	8,925	-669	0
Keolis Narbonne Avenue du Champs de Mars - 11000 Narbonne	8	-55	100.00%	8	0	840	0	6,095	-240	0
Keolis Provence 59, rue de la Buffa - 06000 Nice	8	-1 214	100.00%	8	0	1 259	0	1,019	142	0
Keolis Camargue 14, bd Georges-Clemenceau - 13200 Arles	58	610	99.97%	2,889	2,889	500	0	4,848	236	398
Keolis Arles Bd Clemenceau - 13200 Arles	40	-202	100.00%	38	0	777	0	2,990	32	0
Caennaise de Services 15, rue de la Geôle - 14000 Caen	8	1	100.00%	8	8	-136	0	882	8	8
Keolis Calvados 19, chemin de Courcelle - 14128 Mondeville	84	110	100.00%	135	135	-4 107	0	27,488	997	997
Keolis Pays Normands ZI la Madeleine, rue de l'Ile du Marais - 50500 Carentan	422	-278	100.00%	1,118	0	471	0	2,745	-280	0
Keolis Saintes Rue des Perches ZI Charriers - 17100 Saintes	8	1	100.00%	7	7	-507	0	2,013	29	29

COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Keolis Pays Montbéliard CD 126 La Chamotte - 25420 Voujeaucourt	80	11	100.00%	76	76	-2,569	0	15,747	119	120
Keolis Montélimar 8, rue de la Feuillade - 26200 Montélimar	38	7	100.00%	38	38	0	0	1,885	30	33
Keolis Concarneau ZA de Keramperu - 29900 Concarneau	8	1	100.00%	80	80	-264	0	1,581	22	22
Keolis Quimper 1, Rond Point de Quistinidal - 29000 Quimper	40	4	100.00%	38	38	-1,851	0	9,437	61	60
Keolis Brest 7, rue Ferdinand de Lesseps - 29806 Brest	176	45	100.00%	168	0	-3,612	0	34,575	56	55
Keolis Morlaix ZI de Kérivin - 29600 St-Martin-des-Champs	40	4	100.00%	38	38	-368	0	1,898	30	30
Keolis Maritime Brest 1, rue Eperon port de Commerce - 29200 Brest	8	1	100.00%	8	0	0	0	7,703	-115	0
Keolis Auch 7, place de la Libération - 32000 Auch	8	7	100.00%	11	11	-140	0	1,351	22	23
Cars du Bassin de Thau 21, av. de la Méditerranée Lieudit Etang d'Ingril - 34110 Frontignan-La Peyrade	8	106	100.00%	8	8	-23	0	3,952	153	200
Keolis Emeraude Rue des Rougeries ZI Sud - 35400 Saint-Malo	339	59	100.00%	345	345	631	0	11,373	374	385
Société Rennaise de Transports & Services Handistar 44, rue Bignon - 35135 Chantepie	15	2	100.00%	15	15	-543	0	2,744	14	13
Keolis Saint-Malo 88, rue de Hulotais - 35400 Saint-Malo	10	-178	100.00%	10	0	-1,216	0	6,979	-168	0
Keolis Châteauroux 6, allée de la Garenne - 36000 Châteauroux	8	1	100.00%	8	8	-973	0	3,784	24	24
Keolis Touraine (anciennement Alphacars) Impasse de Florence - 37700 St-Pierre-des-Corps	61	22	100.00%	1,445	0	1,561	0	464	1 413	158
Voyages Monnet Route de Grenoble - 38590 - St-Étienne-de-St-Geoirs	40	76	100.00%	2,008	0	246	0	3,991	3	0
Keolis Blois 9, rue Alexandre-Vezin - 41000 Blois	16	8	100.00%	15	15	-1,956	0	8,276	85	84
Les Cars Roannais ZI les Guérins - 42120 Le Coteau	156	137	100.00%	374	374	-641	0	2,892	298	195
Cars Planche 10, boulevard Duguet - 42600 Savigneux	94	420	100.00%	874	874	-384	0	1,561	261	203

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COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Keolis Cahors 127, rue Léon-Gambetta - 46000 Cahors	8	1	100.00%	8	8	-253	0	1,575	23	23
Keolis Agen Rue Georges-Clemenceau - 47240 Bon Encontre	10	1	100.00%	10	10	-1,248	0	3,665	27	27
Keolis Marmande 9, rue de Caumartin - 75009 Paris	8	1	100.00%	8	8	12	0	388	10	11
Keolis Val de Maine Rue du Bois-Rinier - 49124 Saint-Barthélémy-d'Anjou	10	0	100.00%	10	10	-284	0	1,086	-1	0
Société de Gestion de l'Aéroport d'Angers Marcé Aéroport d'Angers-Marcé - 49140 Marcé	8	2	100.00%	8	8	215	0	1,674	33	34
Keolis Manche La Fosse-Yvon - 50440 Beaumont-Hague	562	34	100.00%	2,731	0	749	0	6,990	-564	0
Keolis Laval Rue Henry-Batard - 53009 Laval	8	1	100.00%	8	0	31	0	7,925	64	64
Les Courriers Mosellans 5, rue de l'Abbé-Grégoire - 57050 Metz	824	217	100.00%	3,893	3,893	0	0	25,617	-321	0
Keolis Nevers 120, rue de Marzy - 58000 Nevers	8	1	100.00%	8	0	-1,089	0	5,915	4	3
Keolis Alençon 20, rue Ampère - 61000 Alençon	38	436	100.00%	38	0	-266	0	2,389	-70	0
Keolis Artois 124, rue Émile-Zola - 62300 Lens	908	215	100.00%	677	677	-7,241	0	44,067	405	363
Caron Voyages 19, rue Cassin ZI Resurgat 3 - 62230 Outreau	77	-84	100.00%	382	0	0	0	3,556	-13	0
Voyages Dourlens 55, rue du Docteur-Dourlens - 62700 Bruay-La-Buissière	40	6	100.00%	350	350	212	0	1,882	81	83
Westeel Voyages 2, rue F.-Jiolat - 62430 Sallaumines	1,260	-89	100.00%	3,455	3,455	-1,589	0	11,319	258	0
Loisirs et Voyages 22, rue de l'Industrie - 63600 Ambert	914	93	100.00%	4,254	2,939	57	0	10,316	370	370
Keolis Grand Tarbes Rue Jean-Loup Chrétien - 65000 Tarbes	40	6	100.00%	608	608	-778	0	3,867	38	40
Autocars Planche Rue du Champ du Garet - 69400 Arnas	5,000	2,784	100.00%	6,567	6,567	-7,270	0	15,885	1,937	1,750
Interhône Alpes 31, rue Jean-Zay - 69802 Saint-Priest	40	6	100.00%	38	38	-1,596	0	9,008	265	0
Société pour la Mobilité à Paris 48, rue Gabriel-Lamé - 75012 Paris	37	-164	100.00%	37	0	0	0	11,604	-119	0

COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (+) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Institut Keolis 9, rue de Caumartin - 75009 Paris	37	6	100.00%	37	37	-1,717	0	8,722	2,178	2,179
Airelle 2, place Londres Roissypole - 93290 Tremblay-en-France	6,108	-5,312	100.00%	6,117	0	3,601	0	5,166	-3,721	0
Keolis La Roche-sur-Yon 173, bd du Maréchal-Leclerc - 85000 La Roche-sur-Yon	8	1	100.00%	8	8	-303	0	6,560	67	68
Keolis Châtellerault 103, rue de Pleumartin - 86103 Châtellerault	40	4	100.00%	38	38	0	0	3,598	55	55
Autocars Garrel et Navarre 19, rue Charles-Mory - 91210 Draveil	47	2,796	100.00%	5,783	5,783	0	0	8,819	852	0
Société d'Exploitation Transports de Voyageurs Évry-Ris Z.I. La Matinière - rue du Canal Prolongé - 91000 Bondoufle	50	13	100.00%	1,982	1,982	0	0	211	109	0
Société & Exp. Francilienne Inter Modalité 20, rue du Bailly - 93210 Saint-Denis-la-Plaine	40	14	100.00%	40	40	0	0	3,598	792	800
Autocars Delion 12, rue Jean Perrin - 92000 Nanterre	482	244	100.00%	2,557	2,557	-1 292	0	8,314	852	853
Société des Transports et de Services Aéroportuaires 11, rue des Deux-Sœurs - 95702 Roissy	150	107	100.00%	98	0	-1 423	0	10,562	414	410
Transports Services Aérolignes 34, rue de Guivry - 77990 Le Mesnil-Amelot	8	-35	100.00%	8	0	33	0	561	201	165
Aérobag 2, place Londres, Roissypole - 93290 Tremblay- en-France	8	-202	100.00%	8	0	1 712	0	4,587	-620	0
Transétude 20, rue de la Villette - 69003 Lyon	300	56	100.00%	393	393	-185	0	857	57	98
Keolis Conseil & Projets 9, rue de Caumartin - 75009 Paris	8	1	100.00%	8	8	-47	0	2,445	238	238
Keolis Lyon 19, boulevard Vivier Merle - 69003 Lyon	2,960	-9,140	100.00%	3,011	0	-1 742	0	297,444	-19,909	0
Les Courriers du Midi 9, rue de l'Abrivado - 34048 Montpellier	2,039	572	100.00%	5,117	5,117	-1 503	0	15,613	272	230
Les Courriers Catalans 2, boulevard Saint-Assiscle - 66027 Perpignan	2,160	-1,114	100.00%	3,401	666	1 088	0	9,914	-143	0
S.N.T. Comett 3, boulevard Ampère - 13333 Marseille	2,325	-6,267	100.00%	5,810	0	4 472	0	267	-375	0

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	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Transpole 908, avenue de la République - 59700 Marcq-en-Baroeul	703	97	99,99%	1,200	1,200	-2 570	0	237,552	121	0
Keolis Boulogne-sur-Mer 19, rue Cassin Resurgat 3 - 62230 Outreau	168	142	100.00%	368	368	-2,311	0	11,340	-182	0
Transports GEP Vidal 7, rue Jean-Perrin - 66000 Perpignan	86	139	99.98%	1,100	1,100	551	0	4,574	-79	0
Keolis Tours Rue de Florence - 37702 Saint-Pierre-des-Corps	80	12	100.00%	76	0	-1,051	0	29,818	142	140
Keolis Littoral 2, rue du Pont-Neuf - 17300 Rochefort	30	0	100.00%	28	28	-820	0	12,307	423	0
Les Courriers de l'Ile-de-France 34, rue de Guivry - 77980 Le Mesnil-Amelot	344	9,224	99.99%	560	560	154	0	51,352	2,417	2,427
Keolis Montargis 16, rue de la Baraudière - 45700 Villemandeur	16	2	100.00%	15	15	-769	0	3,392	49	49
Keolis Angers Rue du Bois Rinier - 49124 Saint-Barthélémy-d'Anjou	16	2	100.00%	15	15	-15,616	0	41,678	266	266
Keolis Cherbourg 491, rue de la Chasse-aux-Loups - 50110 Tourlaville	77	28	99.85%	83	83	-872	0	7,863	-37	0
Société Transports Robert 31, avenue José-Nobre - BP 57 - 13500 Martigues	38	-268	99.84%	821	821	255	0	5,407	444	0
Keolis Rennes Rue Jean-Marie-Huchet - 35040 Rennes	40	10	99.84%	38	38	-14,738	0	85,497	156	155
Société des Transports en Commun Nimois 388, rue Robert-Bompard - 30000 Nîmes	40	23	100.00%	380	0	-6,411	0	42,090	76	75
Keolis Oise 21, avenue Félix-Louat - 60300 - Senlis	183	3,057	99.99%	4,027	4,027	-1,302	0	17,619	705	694
STCU Arras Rue Mongolfier ZI Est - 62000 Arras	40	29	99.40%	127	0	0	0	6,623	-25	0
Cie Transports Méditerranéens Avenue des Cormorans - 06210 Mandelieu-La-Napoule	198	-6,111	99.50%	2,181	0	6,775	0	3,235	-160	0
Keolis Abbeville Boulevard de la Fosse 11 - bat G8 - 62160 Grenay	162	45	99.02%	186	186	-694	0	2,195	34	28
Keolis Dijon 21300 Chenove	46	5	99.17%	254	254	-8,916	0	49,454	103	103
Keolis Caen 15, rue de la Geôle - 14000 Caen	60	682	98.80%	121	0	-836	0	45,063	83	0
Transports Urbains de Reims 2, rue Gaston-Boyer - 51100 Reims	340	803	98.49%	2,881	2,332	-2,245	0	25	67	59

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COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Keolis Chalons-en-Champagne Chemin des Grèves - 51000 Chalons-en-Champagne	40	64	97.12%	753	753	-2,021	0	5,764	405	394
Keolis en Cévennes 389, chemin du Viget - 30100 Alès	16	-299	95.10%	14	0	-132	0	5,355	9	0
Société Départementale des Transports du Var 43, rue Alphonse-Denis - 83400 Hyères	1,344	2,943	95.07%	5,303	5,303	638	0	17,938	427	387
Aerosat 2, place Londres, Roissypole - 93290 Tremblay-en-France	50	7	85.00%	43	43	-2,662	0	8,315	1,101	935
Trans Val-de-Lys 48, rue de Wervicq - 59560 Comines	1,101	474	99.99%	2,027	2,027	-2,476	0	17,771	1,688	1,674
Société Constr. Exploit. Entret. A14 Route de Sartrouville - 78363 Montesson	40	-7	50.96%	20	15	0	0		-11	0
Société des Transports de l'Agglomération de Chauny Avenue Jean-Jaurès - 02300 Chauny	8	97	50.00%	4	4	0	0	790	36	50
Cie des Transports Collectifs de l'Ouest Parisien 18, rue de la Senette - 78755 Carrières-sous-Poissy	40	77	50.00%	20	20	-403	0	14,612	2,010	1,005
Keolis Armor 26, rue du Bignon - 35135 Chantepie	1,472	3,959	77.71%	10,877	10,695	-4,329	0	31,707	1,783	1,358
Monts Jura Autocars SA 4, rue Berthelot - 25000 Besançon	1,920	960	100.00%	9,786	7,263	1,093	0	24,281	600	0
Athis Cars SA 172, avenue F.-Mitterrand - 91200 Athis-Mons	230	2,637	99.45%	5,594	5,594	559	0	18,955	695	694
Keolis Seine Maritime 55/57, le Nid de Verdier - 76400 Fécamp	185	1,578	100.00%	5,631	0	-1,865	0	13,007	-106	0
Keolis Atlantique 3, rue de la Garde - ZI Bois Briand - 44300 Nantes	992	1,457	99.99%	8,842	8,842	540	0	28,539	1,717	1,674
Keolis Bourgogne 17, rue du Bailly - 21000 Dijon	153	1,107	99.00%	1,917	1,917	-2,051	0	10,040	1,167	927
Keolis Drôme 462, avenue Victor-Hugo - 26000 Valence	331	328	99.93%	1,448	1,448	187	0	9,096	236	236
Keolis Pyrénées 19, avenue du Paradis - 65100 Lourdes	1,367	430	95.16%	2,626	2,626	-2,161	0	9,494	862	667
Millau Cars SA 85, avenue Jean-Jaurès - 12100 Millau	45	-778	99.87%	20	0	1,861	0	2,236	-226	0
Société Autocars de Provence Le Verger - Chemin de Caillols - 13320 Bouc-Bel-Air	46	97	99.87%	840	840	-517	0	4,712	324	0

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	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
SCAC SA RN 559 - Quartier Rouvière - 13830 Roquefort-la-Bédoule	846	138	99.98%	1,493	1,493	563	0	10,159	232	210
TPR SARL 4, rue Lapouble - 64000 Pau	57	128	99.97%	1,785	1,545	-383	0	2,611	364	362
Transports de la Brière SA 7, rue Pierre Vergniaud - 44600 Saint-Nazaire	92	1,030	59.80%	1,221	17	-864	0	2,891	113	11
S.F.D. SA 53, av.Jean-Jaurès - 63200 Mozac	40	535	100.00%	1,184	1,143	-571	0		-3	0
Keolis Voyages 3, rue de la Garde Zone de Bois Briand - 44300 Nantes	8	42	100.00%	7	7	-201	0	3,671	3	0
KTA Rue Louis-Armand - ZI Arlod - 01200 Bellegarde-sur-Valserine	150	-1,098	100.00%	119	0	0	0	1,538	-532	0
Intrabus EURL 81 bis, route de Fontainebleau - 91550 Fontainebleau	8	-16	100.00%	485	485	496	0	7,559	123	0
STA SARL 110, route Nationale 191 - 91540 Mennecy	40	2,162	99.92%	2,742	2,742	3,443	0	6,978	-527	0
Train Bleu SARL 14 bis, place de la Gare - 38160 St-Marcellin	16	-313	99.51%	335	0	443	0	1,457	23	0
Compagnie du Blanc Argent SA 27, rue de Richelieu - 75001 Paris	279	186	99.41%	4,139	4,139	-1,130	0	6,371	831	833
Keolis Centre 11, route de Bourges - 18220 Les Aix-d'Angillon	832	26	100.00%	933	0	923	0	15,184	91	55
Cariane Est 13 bis, rue Raymond-Poincaré - 54000 Nancy	75	-881	100.00%	76	0	3,982	0	13,537	-915	0
Keolis Languedoc 927, avenue Jolio-Curie - 30000 Nîmes	90	184	100.00%	899	899	-73	0	6,804	256	256
Cariane Littoral 10/12 rue d'Amsterdam - 62100 Calais	150	-1,803	100.00%	152	0	2,645	0	5,338	-476	0
Keolis Somme 41, rue Jules-Barni - 80000 Amiens	8	0	100.00%	8	0	447	0	2,071	13	0
Keolis Val d'Oise 1, chemin Pavé - 95340 Bernes-sur-Oise	128	846	100.00%	130	130	770	0	3,830	141	136
Transroissy SNC 11, rue des Deux-Sœurs - 95702 Roissy CDG	8	0	100.00%	8	0	288	0	7,999	-269	0
SVTU SA 12, av. du Général-de-Gaulle - 78000 Versailles	680	3,978	100.00%	2,960	2,960	661	0	27,977	958	959
Pacific Cars Avenue du Président Wilson - 93210 La Plaine Saint-Denis	1,300	1	100.00%	4,581	0	1,821	0	5,633	-1,392	0

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	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Société d'Exploitation des Transports Urbains d'Oyonnax Place Vaillant-Couturier - 01100 Oyonnax	8	1	100.00%	8	8	-149	0	1,159	23	23
SCI St Nicolas 55/57 le Nid de Verdier - 76400 Fécamp	37		95.83%	196	196	0	0	10	8	0
SCI Héron Verdier 55/57 Le Nid de Verdier - 76400 Fécamp	2		95.83%	228	228	0	0	0	70	0
Cars Valenciennois SA 36, rue Ernest-Macarez - 59300 Valenciennes	165	1,194	96.00%	3,222	3,222	-56	0	3,966	515	496
Keolis Eure 2, rue Lakanal - 27031 Évreux	467	498	100.00%	1,555	1,030	1,224	0	11,689	362	339
Keolis Yvelines 12, av. du Général-de-Gaulle - 78000 Versailles	135	593	99.16%	737	737	1,129	0	4,804	-328	0
Keolis Eure et Loire Les Fenots - 28100 Dreux	538	198	99.78%	2,350	2,350	-961	0	8,208	335	336
Keolis Montluçon Rue des Canaris - 03100 Montluçon	16	-93	100.00%	15	0	-58	0	5,447	-60	0
Keolis Sud Allier 14, boulevard Alsace Lorraine - 03300 Cusset	325	2,737	100.00%	3,088	1,196	924	0	7,187	-462	0
Autocars Charrière Fils Chemin des Grads, ZI du Lac - 07000 Privas	39	18	99.50%	2,059	2,059	733	0	4,194	152	0
Keolis Besançon 46, rue de Trey - 25002 Besançon	91	12	99.96%	89	89	-6,786	0	29,962	49	51
Keolis Bordeaux 8, rue d'Artagnan - 33000 Bordeaux	300	-2	99.98%	300	0	-5,393	0	92,003	-3,928	0
Keolis Lorient Boulevard Tves Demaine - 56323 Lorient	89	30	99.93%	163	163	-5,071	0	25,563	8	0
Transports Evrard 304, avenue du Tremblay - 60100 Creil	40	344	100.00%	7,171	0	2,977	0	9,965	-783	0
Keolis PMR Rhône 31, rue Jean-Zay - 69802 Saint-Priest	8	-140	99.80%	8	0	315	0	3,136	-145	0
Keolis Aix-Les-Bains 1700, boulevard Lepic - 73100 Aix-Les-Bains	10	-250	100.00%	10	0	767	0	3,712	-282	0
Val Trans Services Roissy Rue des Acacias - 77990 Le Mesnil-Amelot	37	286	100.00%	660	660	472	0	2,397	109	782
Société de Financement des Transports 20, Grand Rue - 79340 Menigoute	112	195	100.00%	4,106	0	812	0	865	-843	0
Voyages Autocars Services 52, rue Jean-Lemoine - 93230 Romainville	152	130	100.00%	2,109	0	3,838	0	4,559	-1,464	0

3 ANNUAL FINANCIAL STATEMENTS

COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Prioris 1 à 3, av. François-Mitterrand - 93200 La Plaine Saint-Denis	38	-321	66.00%	25	25	-152	0	5,743	273	0
SNC Orset 9, rue de Caumartin - 75009 Paris	1	-15	95.00%	1	0	347	0	0	-5	0
Keolis Maritime Lorient 1, rue Yves-Montand - 56260 Larmor-Plage	10	-36	99.00%	10	10	-107	0	1,814	126	80
Société de gestion de l'Aéroport de Troyes-en-Champagne RN 19 - 10600 Barberey Saint-Sulpice	10	1	100.00%	10	10	268	0	916	12	12
Société d'Exploitation de l'Aéroport Albert Picardie Rue Henri Potez - 80300 Meaulte	50	8	50.94%	26	26	488	0	1,163	-5	0
Keolis Urbest 4, rue Berthelot - 25000 Besançon	640	153	100.00%	801	801	-863	0	1,357	49	40
Société Automobile de Provence 12, place du Grand Jardin - 06140 Vence	220	212	98.96%	1,982	1,982	820	0	5,472	2,145	2, 040
Keolis Drouais Les Fenots - 28100 Dreux	10	5	100.00%	10	10	-619	0	2,796	6	10
Les Cars de Bordeaux 6, quai de la Souys - 33000 Bordeaux	264	606	49.97%	379	379	70	0	4,591	205	101
Keolis Gironde ZA les Artigons Issac - 33160 Saint-Médard-en-Jalles	684	6,062	90.65%	6,658	6,658	-3,427	0	9,176	1,148	1,023
Keolis Gascogne Route de Saint-Sever - Saint Pierre du Mont - 40000 Mont-de-Marsan	135	930	52.89%	594	594	-919	0	6,410	335	176
Aerolis 45, rue de Paris - 93290 Tremblay-en-France	40	-1,184	50.10%	71	0	1,571	0	15,414	328	0
Société d'Exploitation Aéroport Dole Jura (Creation end 12/09 business sart 2010)			51.00%	0	0	200	0	0	0	0
Société d'Exploitation Aéroport Epinal Mirecourt (creation 2010) 10, rue Claude-Gelée - 88000 Épinal			51.00%	0	0	-81	0	0	0	0
Keolis Obernai (created in 2010) 7, rue de la Gare - 67210 Obernay cedex			100.00%	10	0	0	0	0	0	0
Keolis Mobilité Roissy (created in 2010) 34, rue de Guivry - 77990 Le Mesnil-Amelot			100.00%	10	10	327	0	0	0	0

ANNUAL FINANCIAL STATEMENTS

COMPANIES OR GROUPS OF COMPANIES	Equity		Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (+) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
	Share capital at 31/12/2010	Quasi equity at 31/12/2010								
Keolis Mobilité Hauts-de-Seine (Formed in 2010) 1-3, av. Francois-Mitterrand - Bâtiment le Jade - 93200 La Plaine St-Denis			100.00%			1,159	0	0	0	0
Bus Boïens (Acquired in 2010) Zone d'activité 33380 Biganos			100.00%	235	235	0	0	0	0	0
Autobus d'Arcachon (Acquired in 2010) 1431, bd de l'industrie - 33260 La Teste-de-Buch			99,40 %	2,696	2,696	0	0	0	0	0
Keolis Chaumont (Formed in 2010) Rue du Vieux Moulin - 52000 Chaumont			100.00%	10	10	0	0	0	0	0
REV (Réseau en Vosges) (Formed in 2010) 3, place Gambetta - 88300 Neufchâteau						0	0	0	0	0
Keolis Château Thierry (Formed in 2010) 4, rue du Pont - 02400 Brasles			100.00%	10	10	0	0	0	0	0
2) Foreign subsidiaries										
Keolis Nordic C/o Advokatfirman Vinge KB - Box 1703 - 111 87 Stockholm - Sweden	100 SEK	10,498	100.00%	7,215	7,215	0	0	0 SEK	-18,929 SEK	0
Generale de transporte y de industria S.A. Via Augusta, 291 - 08017 Barcelona - Spain	4,508	-1,062	100.00%	20,445	3,402	-2,703			13	0
Keolis Canada inc 1, place Ville-Marie H3B 4M7 - Montreal - Canada	29,569 CAD	-29	100.00%	20,892	20,892	0	0	0 CAD	-9 CAD	0
G.T.I. United Kingdom 55, Colmore Row - Birmingham - B3 2AS - United Kingdom	2,000 GBP	3,666	100.00%	3,059	3,059	-25,396	0	0 GBP	16,706 GBP	26,628
City Trafik 2/4, Thorvald Borgs Gade - 2300 Copenhagen - Denmark	24,857 DKK	75,665	100.00%	15,033	15,033	0	0	551,026 DKK	154 DKK	0
Keolis Deutschland Gmbh & Co. KG Rheinstrasse 4E - 55116 Maintz, Germany	51	-2,221	100.00%	736	736	0	0	68,242	2,509	0
Keolis Deutschland Verwaltungsgesellschaft Gmbh Zoobogen-Hardenbergplatz 2 - 10623 Berlin, Germany	26	-16	100.00%	26	14	865	0	0	-1	0
Luxbus 10, rue Nicolas Adames - L 1114 Luxembourg	35,905	-22	100.00%	44,234	44,234	0	0	0	-3	0
Eurobus Vlaanderen Oosterring 17 - 3600 Genk, Belgium	7,349	1,166	100.00%	22,708	22,708	0	0	979	-1	0

3 ANNUAL FINANCIAL STATEMENTS

COMPANIES OR GROUPS OF COMPANIES	Equity: Share capital at 31/12/2010	Equity: Quasi equity at 31/12/2010	Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue Excl. VAT for the period ended 31/12/10	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
Keolis America c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County 19901 Delaware, USA	25 USD	-1,181	100.00%	17	17	1,367	0	0 USD	-1,193 USD	0
Keolis Tramway d'Alger 2 impasse Bossuet, Alger, Algeria	20,000,000 DZD		100.00%	198	198	0	0	0	0	0
Eurobus Holding SA 62, av. de Navagne - 4600 Vise Belgium	25,000	24,757	70.83%	118,687	118,687	-21,783	0	0	137	

B - NON CONSOLIDATED INVESTMENTS (IN WHICH THE COMPANY HOLDS NOT LESS THAN 10% AND NOT MORE THAN 50% OF THE CAPITAL)

COMPANIES OR GROUPS OF COMPANIES	Equity: Share capital at 31/12/2010	Equity: Quasi equity at 31/12/2010	Percentage of capital held	Gross value of securities held	Net carrying value of securities held	Loans and advances granted by the company and not refunded (-) in credit	Amount of deposits and guarantees supplied by the company	Revenue for the period ended 31/12/10 Excl. VAT	Net profit or loss (-) for the period ended 31/12/10	Dividends collected by the company during the period
1) French subsidiaries										
T.I.C.E 352, rue des Champs-Elysées - 91026 Évry	182	6,642	18.75%	35	35	0	0	29,308	352	2
Scodec Voyages SCOP La Tuilerie du Vignault - 79140 Cerisay	245	452	35.00%	86	85	82	0	2,455	66	6
Keolis Val de Saône 30, rue de Guerlande Zone Verte - 71880 Chatenay-le-Royal	8	-447	10.00%	60	0	846	0	9,793	163	0
Canal TP 20, bd Poniatowski - 75012 Paris	763	181	24.99%	0	0	246	0	5,341	457	152
Passerelle CDG Continental Square Roissy Pole - 4, place de Londres - 93290 Tremblay-en-France	40	255	34.00%	0	0	0	0	12,084	251	0
Trans Pistes 37-39, rue d'Athènes - 13127 Vitrolles	80	8	40.00%	0	0	0	0	1,330	113	64

3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2010, on:
- the audit of the accompanying consolidated financial statements of Keolis,
- the justification of our assessments,
- the specific verifications required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As mentioned in notes 2 and 3 to the financial statements, your company made some estimates to:
- measure the value in use of financial investments, related receivables and current accounts,
- measure the recoverable amount of goodwill resulting from technical losses on mergers,
- take into consideration the risks relating to current litigations.

Based on the information available to date, our work consisted mainly in appreciating data and hypotheses related to these estimates and to review management computations. We appreciated the reasonable nature of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of board of directors' and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management's report.

French original signed on March 30, 2011 at Neuilly-sur-Seine and Paris-La Défense.

The statutory auditors

PricewaterhouseCoopers Audit

Vincent Gaide

ERNST & YOUNG Audit

Nathalie Cordebar

Philippe Hontarrède

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Keolis

Moving further together

Keolis 2009

FINANCIAL REPORT

Keolis SA

Keolis

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KEOLIS SA FINANCIAL REPORT

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MANANGEMENT REPORT

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BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE ORDINARY ANNUAL GENERAL MEETING OF 9 JUNE 2010

Ladies and Gentlemen,

We have called you to this Annual Ordinary General Meeting in accordance with the statutory requirements and under the Articles of Association to report to you on our Company's activity for the financial period ending 31 December 2009, and to submit to your approval the consolidated annual financial statements for that financial period.

Your Statutory Auditors will also read out their reports to you.

For our part, we are ready to provide you with any additional information and clarifications you may deem relevant.

In the following paragraphs, we set out the various items of information prescribed by the regulations.

COMMERCIAL ACTIVITY AND DEVELOPMENT

2009 was marked in France by the winning of the Bordeaux bid which commenced on 1 May 2010 and also by the winning of the Nancy Suburban contract (September 2009). In addition, the Group started preparing the Lille and Lyon bids which are scheduled for renewal in January 2011.
The Group also acquired Alphacars and raised its capital in Aérolis (from 49.9% to 50.1%); other significant victories included the winning of the KRSO (Keolis Réseau Départemental Sud Oise) contract.

Internationally, 2009 confirmed the group's direction in its development policy. Indeed, several deals were closed that year such as the acquisition of Flanders Coach in Belgium and the assets of Lanaudière in Canada.
In Australia, the group won the bid to operate the Melbourne tramway; this contract began on 30 November 2009 (Revenue €200 million, expected EBITDA of €10 million, 500 trams).

Additionally, the UK Southern rail franchise was renewed in 2009.

GROUP ACTIVITY AND RESULTS IN 2009

Group results

The Group's revenues amounted to €3,424.4 million, up by €160.1 million or +4.9% compared to 2008. This growth can be mainly explained by the additional revenue of €178.2 million from portfolio gains, of which €92.0 million from the Bordeaux contract and €50.9 million from the full recognition in 2009 of the Hellweg Netz contract won at the end of 2008 in Germany. The change of scope effect (acquisitions /disposals of companies) totalled +€48.0 million thanks in particular to the acquisition in Canada of Lanaudière (+€7.0 million) and Flanders Coach Group (+€7.3 million). 2009 was marked by the sharp fall of the pound sterling against the euro generating an unfavourable exchange rate effect of -€88.4 million from a total of -€118.8 million linked to all foreign currencies.

Recurrent EBITDA totalled €194.2 million, down 15.4% or €35.4 million over the previous period. However, the effect of foreign exchange rate changes penalized us by €-6.5 million due to the depreciation of the pound sterling and, the indexation effect was highly unfavourable (-€18.5 million) following the fall of indices in 2009. Excluding indices and indexation, the EBITDA fell by -4.5%.
The group benefitted from a positive diesel effect which was linked to the fall in diesel price: the net effect of hedges was +€7.4 million. The change in scope effect is positive by €2.1 million of which €1.0 million of contribution on the acquisition of Lanaudière in Canada and +€1.0 million from Flanders Coach Group in Belgium. In organic terms, the group shrank by -€19.1 million including a portfolio effect of -€0.6 million (including the Bordeaux contribution); this result reflects the difficulties in France (-€12.5 million) with Lyon which posted -€7.2 million due in particular to the unfavourable impact from strikes. Revenue from international operations shrank by -€5.3 million, following the (-€11.7 million) decline in the UK business where margins decreased due to revenues that no longer hedged the indexation; the other countries reported growth.

Income from continuing operations followed a similar trend with a decrease of -€42.0 million (-29.2%) compared with 2008 and levelled off at €101.8 million.

Net income for the year totalled €39.7 million compared with €89.2 million in 2008.

More cash flow was generated in 2009 than in 2008. After investment, the group had available income of +€128.8 million compared with -€5.6 million in 2008. The change of +€145.9 million can be explained first by the improvement in WCR of +€88.2 (of which the Bordeaux contribution of +€23.1 million) and less intensive investment flows of €65.7 million compared to 2008 (year marked in particular by the acquisition of the EBH group in Belgium).

The net debt of Keolis was €59.2 million at the end of 2009 compared with €105.2 million at the end of 2008. The reduction of €45.9 million can be explained in particular by the significant cash level generated by the big decrease in WCR.

CONSOLIDATED FINANCIAL STATEMENTS

Income from ordinary activities totalled €3,427 million.

After taking into account all operating costs, operating income came to €83.8 million.

The net consolidated result showed a profit of €39.7 million.

INDIVIDUAL FINANCIAL STATEMENTS

The individual financial statements were drawn up in accordance with French accounting principles.

Operating income, including the share in the earnings of joint-venture operations, amounted to €8,967,000 against €25,200,000 in 2008.

Net financial income amounted to €25,576,000 against €25,821,000 in 2008.

After recognition of exceptional loss of -€15,401,000, employee profit-sharing of -€48,500 and corporate income tax of €72,100, Keolis's financial statements showed a profit of €19,127,000.

SUBSIDIARIES AND SHAREHOLDINGS

The table in the notes to our balance sheet will give you full information on the activities of our company's subsidiaries and shareholdings.

SIGNIFICANT SHAREHOLDINGS AND CONTROLLING INTERESTS

During the 2009 financial year, Keolis acquired or took control of:

In France:

SOCIÉTÉ D'EXPLOITATION DE L'AÉROPORT D'ÉPINAL MIRECOURT	December 2009	Keolis 51% CCIV 49% Joint control
KEOLIS MOBILITÉ HAUTS-DE-SEINE	December 2009	100%
SOCIÉTÉ D'EXPLOITATION DE L'AÉROPORT DOLE JURA	December 2009	Keolis 51% CCIJ 49% Joint control
KEOIS PAYS NANCEIEN	May 2009	99%
KEOLIS RESEAU DEPARTEMENTAL SUD OISE	February 2009	100%
Groupe ALPHACARS Alphameca / Cars Coudert / TDM	March 2009	100%
KEOLIS OBERNAI	December 2009	100%

Abroad:

On 23 March 2009, Keolis created four companies, 99% owned by Autocars Orléans Express, following the acquisition of the four business assets of the Gaudreault Group.
On 16 July 2009 creation of KRD Victoria PTY in Australia, a company that is 51% held by Keolis Australia.
In Belgium, Keolis acquired on 27 August 2009, 83.33% interest in the Flanders group via Keolis Vlaanderen.
In August 2009, creation of Keolis Rail Services America LLC in the United States, 100% held by Keolis.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year, the company contracted no significant research expenditure. However, numerous new-product and new-service development activities were conducted in close liaison with operating managers to ensure that they fulfilled market needs. The corresponding expenses have not been identified as such in income, and have been subject to no specific monitoring.

FORESEEABLE TRENDS AND PROSPECTS

Strategic Plan 2010-2013:

In 2009, the group updated its strategic plan to cover the years from 2010 to 2013. This exercise confirmed the group's strategic policy thrusts, with a focus on France,

defending and developing the contracts portfolio. Internationally, the group is seeking to strengthen its positions in the areas where its interests are located, while continuing to expand in areas with potential such as Australia and North America.

SIGNIFICANT EVENTS SINCE PERIOD CLOSING

A tax audit began in February 2010 and will relate to the 2007 and 2008 annual periods. There is no identified risk at this stage.

CAPITAL INCREASE

No changes were made to the group's share capital during the financial period. As at 31 December 2009, the share capital stood at €46,851,276.

INFORMATION ON TERMS OF PAYMENT

Pursuant to the provisions of articles L. 441-6-1 and D. 441-4 of the Commercial Code, we present below the details of the balance of debts owed to suppliers by maturity date, as at the end of the last reporting period:

	Period 2009
(€ thousand)	
Amount of trade payables	7,630
Breakdown of invoices by maturity	
- Invoices due:	**6,911**
from 0 to 30 days	**5,435**
from 31 to 60 days	**228**
More than 60 days(*)	**1,248**
- Invoices not due:	**719**

(*) of which disputed invoices: €387,000 and group invoices €682,000.

APPROPRIATION OF EARNINGS

We propose that the period's earnings of €19,126,756.12 be appropriated as follows:

Period's earnings	€19,126,756.12
Earnings carried forward from prior period	€0.0
Distributable income	**€19,126,756.12**
Other reserves	€255,627.00
Total	**€19,382,383.12**
Appropriation:	
Dividend distribution	€19,326,151.35
To the Other reserves item	€56,231.77

We thus propose that you vote to approve the payment on each share of an initial dividend per share of €0.60 and an additional dividend of €4.35, making a total of €4.95 per share.

Of the said dividend,
- €19,285,150.50 will not qualify for the 40% tax rebate because this sum is paid out to legal entities liable to corporate income tax,
- €41,000.85 qualify for the 40% rebate because this sum is being paid to an unincorporated open-end investment fund (FCPE).

As required by law, the General Meeting has noted that the amount of dividends paid out and the corresponding dividend tax credits in the three previous financial years were as follows:

PERIOD	DIVIDEND	Distributed income qualifying for tax rebate	Distributed income not qualifying for tax rebate
2008	50,365,121.70 Being €12.90 per share	106,850.70	50,258,271
2007	105,415,371.00 Being €27.00 per share	239,869	105,176,502
2006	€49,005,978.75 Being €12.63 per share	54,321.63	48,951,657.12

Non-tax-deductible expenditure:
Please be advised that €160,000 of expenditure not qualifying for deduction under Articles 223 quater [4] and 223 quinquies [5] of the French General Tax Code was contracted during the elapsed financial period.

SHAREHOLDING

As at 31 December 2009, KUVERA DEVELOPPEMENT held 99.8% of the capital, subsequent to the merger of the assets and liabilities of to Société Financière KEOS with legal effect on 30 November 2009.

EMPLOYEE SHAREHOLDINGS

At 31 December 20 09, FCPE Keolis Actionnariat held 0.2% of the capital.

REGULATED AGREEMENTS UNDER ARTICLES L225-38 AND L225-39 OF THE FRENCH COMMERCIAL CODE

The Statutory Auditors' report will now be read out to you in respect of agreements entered into during the financial year and authorised by your Board of Directors under Article L. 225-38 of the French Commercial Code.
We would also remind you that the list of regulated agreements under Article L. 225-39 of the French Commercial Code is available for consultation pursuant to Article L. 225-115 of that same Commercial Code.

ADMINISTRATION AND CONTROL OF THE COMPANY

1. General Management governance method

As required by Article 148 of the Decree of 23 March 1967, we inform you that your Board of Directors has opted for the following corporate governance pattern combining the functions of Chairman of the Board of Directors with those of Chief Executive Officer.

Mr Michel Bleitrach was re-appointed Chief Executive Officer by a resolution of 27 May 2008.

2. Directorships and offices held by each of the company's officers

We have set out for you in the notes attached to this report the list of other directorships and offices held by each of the company's officers serving in 2009.

The directorship of Mr. Laurent Trévisani will expire at the end of the annual general meeting. You will be requested to renew it for another three-year term.

We trust that you will approve these proposals and that you will duly pass the resolutions to be submitted to you.

THE BOARD OF DIRECTORS

LIST OF DIRECTORSHIPS AND POSITIONS HELD IN 2009 IN OTHER COMPANIES BY KEOLIS CORPORATE OFFICERS

Michel BLEITRACH	Chairman	KEBEXA PARTICIPATIONS
	Chairman, Chairman of the Executive Board	KUVERA DEVELOPPEMENT
	Chairman, CEO	KEOLIS
	Chairman	KEOS MANAGEMENT
	Chairman of the Board of Directors	KEOLIS LYON
	Director	KEOLIS BORDEAUX
	Director	SECHILIENNE - SIDEC
Michel LAMBOLEY	Member of the Executive Board	KUVERA DEVELOPPEMENT
	Kuvera permanent representative	KEOLIS
	Director	KEOLIS LYON
	Director	KEOLIS RENNES
	Director	KEOLIS BORDEAUX
	Director	TRANSPOLE
	Director	EUROBUS HOLDING (Belgium)
	Director	CITYPENDELN SVERIGE AB (Sweden)
	Director	KEOLIS ESPANA
Laurent TREVISANI	Director	KEOLIS
		Effia
		Effia Concessions
		Effia SYNERGIES
		RITMx
		GIE FINANCIERE SCETA
	Permanent representative SNCF Participations	C-FER-J

APPENDIX 1

Summary table of powers and authority in connection with capital increases as vested in the board of directors by the general meeting.

None.

APPENDIX 2

Table of results for the last five financial periods
(Arts. 133, 135 and 148 of the Commercial Companies Decree)

NATURE OF INDICATIONS	2009	2008	2007	2006	2005
1 - CAPITAL AT END OF PERIOD					
a) Share capital	**46,851,276**	46,851,276	46,851,276	46,561,500	46,242,876
b) Number of common shares outstanding	**3,904,273**	3,904,273	3,904,273	3,880,125	3,853,573
c) Numbers of future shares to be created					
- by conversion of bonds					
- through the exercise of subscription rights				28,776	51,660
2 - TRANSACTIONS AND EARNINGS FOR THE PERIOD					
a) Revenue net of tax	**149,235,172**	131,686,007	124,376,523	120,454,566	109,258,369
b) Earnings before tax, profit sharing, depreciation and provisions	**69,291,903**	84,703,295	111,919,505	145,214,677	68,415,189
c) Tax (tax credit) on profits	**72,133**	1,383,064	5,225,709	2,401,092	2,106,814
d) Employee profit sharing for the year	**(48,482)**	272,585	484,000		
e) Earnings after tax, profit sharing, depreciation and provisions	**19,126,756**	46,331,263	105,514,855	45,524,327	46,299,049
f) Distributed earnings		50,365,122	105,415,371	49,005,979	42,003,946
3 - EARNINGS PER SHARE					
a) Earnings after tax, but before allocation to depreciation and provisions	**17.74**	21.27	27.20	36.81	17.21
b) Earnings after tax and allocations to depreciation and provisions	**4.90**	11.87	27.03	11.73	12.01
c) Dividend paid on each share (Net dividend)		12.90	27.00	12.63	10.90
4 - STAFF					
a) Average numbers employed	**1,122**	975	903	829	696
b) Payroll	**64,266,923**	64,568,536	56,713,232	54,774,467	49,145,294
c) Amounts paid in welfare benefits (Social Security, company benefits, etc...)	**28,593,919**	27,955,068	26,042,042	23,918,016	21,935,451

CONSOLIDATED FINANCIAL STATEMENTS

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A. KEY FIGURES FOR THE GROUP

(€ million)	2009	2008	2009/2008 (%)
Revenue (*)	**3,424**	3,264	4.90
Revenue net of sub-contracting	**3,316**	3,164	4.80
Recurring EBITDA	**194**	229	(15.28)
EBITDA	**185**	219	(15.53)
Income from continuing operations	**102**	144	(29.17)
Operating profit	**84**	140	(40.00)
Profit after tax from continuing operations	**43**	93	(53.76)
Profit attributable to equity shareholders	**40**	89	(55.06)
Total equity	**140**	138	1.45
of which attributable to equity shareholders	**134**	137	(2.19)
Dividends received (distributed)	**(51)**	(105)	(51.43)
Net cash flow from operating activities	**261**	180	45.00
Industrial investments	**(182)**	(134)	35.82
Financial investments	**(30)**	(107)	(71.96)
Net financial debt	**(59)**	(105)	(43.81)

(*) see note 2.3

B. CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Note	2009	2008
Revenue (*)		**3,424**	3,264
Other income from operations		**3**	15
Income from continuing operations	**2.5.19**	**3,427**	**3,279**
Sub-contracting		**(108)**	(100)
Purchases consumed and external expenses		**(1,361)**	(1,374)
Taxes		**(33)**	(34)
Staff costs, incentive schemes, profit sharing	4.1	**(1,723)**	(1,563)
Other operating income and expense		**2**	41
Net provisions on current assets		**1**	
Net depreciation and other provisions charged		**(116)**	(114)
Profit (loss) on the disposal of transport equipment	4.2	**4**	1
Amortisation of grants received		**9**	8
Income from continuing operations	**2.5.21**	**102**	**144**
Other non-recurring income and expense	4.3	**(10)**	(10)
Income (loss) on non-recurring fixed asset disposal	4.3	**1**	1
Depreciation and provisions on non-recurring items	4.3	**(9)**	5
Operating profit	**2.5.22**	**84**	**140**
Gross cost of financial borrowing		**(12)**	(17)
Income from deposits of cash and cash equivalents		**7**	15
Profit (loss) on disposal of financial assets		**(1)**	1
Other finance income and expense		**3**	(4)
Financial income/(expense)	**2.5.24**	**(3)**	**(5)**
Profit before tax and associates		**81**	**135**
Share of profits from associates	4.5		
Taxation	4.6	**(38)**	(42)
Profit after tax from continuing operations		**43**	**93**
Profit (loss) net of tax from operations discontinued or being held for disposal			
Profit for the year		**43**	**93**
Profit attributable to minority interests		**(3)**	(4)
Profit attributable to Group		**40**	**89**

(*) see note 2.3

2. STATEMENT OF NET INCOME/(LOSS) AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(€ million)	2009	2008
Net profit for the year	43	93
Foreign exchange translation differences and currency fluctuations	2	(7)
Underlying value of futures and options contracts, net of deferred tax	7	(8)
Actuarial gains (losses) on pensions, net of deferred tax	(2)	(2)
Total gains and losses recognised directly in equity	7	(17)
Net income/(loss) and gains and losses recognised directly in equity	50	76
of which, attributable to:		
Equity shareholders of Keolis SA	46	72
Minority shareholders' interests[1]	4	4

(1) The share of minority interests in the statement of comprehensive income is presented as a liability in the statement of financial position because of repurchase commitments by Keolis (see Note 2.5.4).

3. STATEMENT OF FINANCIAL POSITION

Assets

	Note	Net carrying amount at 31 December 2009	2008
(€ million)			
Goodwill	5.1	**207**	194
Other intangible assets	5.2	**74**	56
Property, plant and equipment	5.3/4	**510**	426
Investments in associates		**1**	0
Investments	5.6	**4**	4
Other non-current financial assets	5.6	**15**	15
Deferred tax asset	5.7	**31**	33
Non-current assets		842	728
Inventories and work in progress	5.8	**58**	35
Trade receivables	5.9	**295**	329
Other receivables	5.9	**207**	152
Other current financial assets	5.6	**25**	28
Cash and cash equivalents	5.10	**357**	222
Current assets		942	766
Total assets		**1,784**	**1,494**

Liabilities

(€ million)	Note	Net carrying amount at 31 December 2009	2008
Share capital		**47**	47
Reserves and share premium		**47**	1
Net profit (loss) attributable to Group		**40**	89
Equity attributable to Group	5.11	134	137
Minority interests		**3**	(3)
Profit for the year attributable to minority interests		**3**	4
Equity	5.11	140	138
Provisions for non-current contingencies and losses	5.15	**87**	76
Non-current financial debt	5.12	**218**	204
Deferred tax liability	5.7	**37**	34
Non-current liabilities		342	314
Provisions for current contingencies and losses	5.15	**48**	35
Current financial debt	5.12	**72**	64
Current portion of bank borrowings	5.10	**126**	59
Customer deposits and advances received	5.16	**30**	20
Trade and other payables	5.16	**411**	366
Other current operating liabilities	5.16	**615**	498
Current liabilities		1,302	1,042
Total liabilities		**1,784**	1,494

4. STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves linked to share capital	Gains and losses recognised directly in equity	Reserves and consolidated earnings	Total attributable to Group	Minority interests	**Total**
(€ million)							
At 31 December 2007	**47**	**3**		**122**	**172**	**2**	**174**
Net profit for the year				89	89	4	93
Dividends paid				(105)	(105)	(2)	(107)
Gains and losses recognised directly in equity			(17)		(17)		(17)
Minority interests bought out and other movements				(2)	(2)	(3)	(5)
At 31 December 2008	**47**	**3**	**(17)**	**104**	**137**	**1**	**138**
Net profit for the year				40	40	3	43
Dividends paid				(50)	(50)	(1)	(51)
Gains and losses recognised directly in equity			6		6	1	7
Minority interests bought out and other movements				1	1	2	3
At 31 December 2009	**47**	**3**	**(11)**	**95**	**134**	**6**	**140**

5. STATEMENT OF CASH FLOWS

(€ million)	Note	2009	2008
EBITDA	4.4	185	219
(Increase) decrease in working capital		112	24
Corporate income taxes		(36)	(63)
Net cash flow from operating activities		261	180
Non-current assets acquired		(182)	(134)
Non-current assets disposed of (sale price)		45	33
Investment grants received		28	10
Financial investments		(30)	(107)
Proceeds from disposal of financial assets		7	1
Net cash flow used in investing activities		(132)	(197)
Total cash flow net of investment		129	(17)
Interest Received		6	14
Interest Paid		(12)	(17)
Others		2	(2)
Net dividends paid and received		(51)	(105)
Change in shareholders' equity		5	-
New long term borrowings		25	138
Long term borrowings repaid		(44)	(75)
Net cash flows from/(used in) financing activities		(69)	(47)
Foreign exchange translation difference and other		10	(30)
Net increase (decrease) in cash and cash equivalents		70	(94)
Opening balance of cash and cash equivalents	5.10	163	257
Closing balance of cash and cash equivalents	5.10	232	163
Increase (decrease) in cash and cash equivalents		70	(94)

C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The activity of the Keolis S.A group and its subsidiaries ("Keolis" or "the Group") is multimodal passenger transport. Keolis operates in 8 European countries and in Canada, Algeria, Australia and the United States (Washington) as a licensed public service operator, operator of rail franchises or long-term contracts.

Keolis S.A., the head company of the Group, is a *société anonyme* (public limited company) registered and domiciled in France, having its head office at 9, rue de Caumartin, Paris 9th.

The consolidated financial statements of the Keolis group for the 12-month financial year ending 31 December 2009 were approved at the Board meeting of 10 March 2010.

2. MAIN ACCOUNTING METHODS

Basis for preparing disclosures

The Group's consolidated financial statements for the financial year 2009 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and available on the site: http://ec.europa.eu/internal_market/ accounting/ias_fr.htm #adopted-commission

The consolidated financial statements drawn up on 31st December 2009 are presented in millions of euros unless otherwise indicated.

The group has chosen not to publish information on operating segments (IFRS 8).

In the absence of securities admitted for trading on a regulated market, the group has chosen not to publish information concerning earnings per share (IAS 33).

The assets and liabilities in the Group's consolidated financial statements are measured and recognised according to various measurement conventions authorised by IFRS, primarily the historical cost basis of accounting, with the exception of derivate (financial) instruments and financial assets held for trading purposes or classified as AFS (available for sale), which are measured at fair value.
Capital assets and groups of assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Changes in accounting principles

The accounting principles used are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2008, except for the change of presentation described in note 2.3 and the new standards and interpretations below.

Application of standards, amendments to standards and interpretations that became mandatory on 1st January 2009:

- Revised IAS 1, Presentation of Financial Statements:
  The main changes from the previous IAS 1 are as follows:
  - the "Balance Sheet" is now known as the "Statement of financial position":
  - the revised IAS 1 standard requires that (i) all changes stemming from transactions with owners in their capacity as owners must be presented separately from transactions with owners of equity interests without control, (ii) recognised income and expenses must be presented in a single statement (statement of comprehensive income), or in two statements (a separate statement of income and a statement detailing the other items in the comprehensive statement), the option adopted by the group, and (iii) the comprehensive income must be presented in the group's consolidated financial statements.
- Revised IAS 23 concerning borrowing costs,
- Revised IAS27 concerning the accounting treatment of the change in fair value of a liability linked to puts on minority interests,
- Amendment to IAS 32 Puttable financial instruments and obligations arising on liquidation,
- Amendment IFRS 7, Financial Instruments: Disclosures
- IFRIC 11 - IFRS 2 Group and treasury share transactions,

- IFRIC 14 The limit on a defined-benefit asset, minimum funding requirements and their interaction,
- Amendment to IFRS2 "Share-based Payment-Vesting Conditions and Cancellations",
- IFRS 8 Operating segments which is not applied by the group,
- IFRIC 13 Customer loyalty programmes,
- Amendment IFRIC 9 and IAS39 "Eligible hedged items - hedged purchased options and hedging against inflation", published in July 2008, applies retrospectively to annual periods beginning on or after 1st July 2009. The standard prohibits an entity from designating an inflation component of issued or acquired fixed-rate debt in a fair value hedge and including the time value of an option in the hedged risk component of a purchase option. The Keolis Group is not affected by this amendment.

The group was not subject to any significant impact from the implementation of these new texts.

Standards, amendments of standards and interpretations without early application:
Keolis has not opted for early adoption of the following standards, amendments to standards and interpretations (adopted or in the process of being adopted by the European Union):
- IFRIC 12 "Service Concession Arrangements" applicable for annual periods beginning on or after 29 March 2009 by the European Union. It specifies the method for implementing the financial model and the intangible asset model to the accounting treatment of public service concession arrangements. The different applicable accounting methods are determined according to the demand risk borne by the operator:
  - intangible asset model: the asset, the object of the concession arrangement is recognised as an intangible fixed asset to the extent that the operator receives a right to bill the users, in return for the construction or acquisition of the infrastructure,
  - financial asset model: the consideration for the construction service or acquisition of the asset, the object of the concession arrangement, rendered by the operator is recognised as a financial asset bearing interest, to the extent that the operator has an unconditional contractual right to receive payments from the grantor, independently of the infrastructure's usage by users.

  Keolis has decided not to opt for the early application of this interpretation at 31 December 2009. The application of IFRC 12 at Keolis will certainly require an adaptation of the accounting rules and procedures applicable to certain French and foreign contracts. The group is currently in the process of completing the analysis of the impact of IFRIC 12 on all of its contracts.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", which applies to annual periods beginning on or after 1st July 2009 by the European Union. This interpretation states that hedging instrument(s) may be held by any entity or entities within the Group regardless of the consolidation method (in stages or direct). This interpretation has no impact on the Group's financial statements.
- Revised IFRS 3 "Business Combinations",
- IFRIC 15 Agreements for the Construction of Real Estate,
- IFRIC 17, Distributions of Non Cash Assets to Owners,
- IAS 27 amended, Consolidated and Separate Financial Statements,
- IFRIC 18 Transfers of Assets from Customers.

Keolis has not opted for early adoption of the following standards, amendments to standards and interpretations not adopted by the European Union:
- IFRS 9 Financial Instruments,
- Revised IAS 24 Related Party Disclosures,
- Amendment of IFRS2 Group cash settled share based payment transactions,
- IFRIC 19 Extinguishing financial liabilities with equity instruments,
- Amendments of IFRIC 14 Prepayments of a minimum funding requirement,
- Improvement of IFRSs (April 2009).

Change in the presentation of Revenue
The presentation of revenues was amended in fiscal year 2009 and 2008 in order to improve the understanding of the financial statements. The revenues of Keolis comprise the proceeds from its public transport activities as well as the income from public service delegation contracts held by the Group (management of stations, airports, car parks, bikes).

The impact on the consolidated financial statements is a reclassification at the level of the statement of comprehensive income mainly between the other proceeds linked to the activity, other income and operating expenses and revenue.

Use of Management estimates in the application of the Group's accounting standards
In order to draw up the Group's accounts in accordance with the conceptual framework of IFRS, management must make estimates and assumptions affecting the amounts stated in the financial statements. Management has to revise such estimates in the light of changes in the circumstances on which they are based or further to new information. Management also has to exercise judgement in how accounting methods are applied. As a result, future estimates may be different from those adopted as of 31st December 2009.

The estimates and assumptions mostly concern the terms of contractual relations, asset impairment tests as well as provisions, especially provisions for pensions and disputes.

Finally, in the absence of standards or interpretations applicable to a specific transaction, Group management must use its best judgement to define and implement accounting methods that provide the most relevant and reliable information, to ensure that the financial statements:

- present a true and fair view of the Group's financial position and cash flows,
- reflect the underlying economic reality of the accounts,
- are unbiased,
- are conservative,
- and are complete in all material respects.

Accounting principles

2.5.1. Consolidation method

Subsidiaries are fully consolidated:

All Keolis' subsidiaries are companies it controls directly or indirectly, in other words it has the power to set financial and operating policies with a view to deriving benefits from their activities. The Group's consolidated financial statements include the assets, liabilities, income and expenses of the said companies.

Exclusive control is presumed to exist when Keolis directly or indirectly holds more than 50% of the said companies' voting rights. In ascertaining whether there is control, account is taken of potential voting rights, whether immediately exercisable or convertible, including those held by another entity, in accordance with IAS 27 "Consolidated and separate financial statements".

As of today, there are no ad hoc entities over which Keolis exercises effective control without the Group holding any capital interest in them, that should be regarded as subsidiaries.

Joint ventures are proportionally consolidated:

Companies operated jointly with a limited number of partners and in which Keolis exercises joint control under contractual agreements are proportionally consolidated. The Group's consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of such companies.

Associates are consolidated by the equity method:

Entities in which Keolis exerts significant influence without exercising control are recognised according to the equity method. Significant influence is presumed when Keolis holds upwards of 20% of the voting rights.

Interim financial statements are used for companies whose financial year does not end on 31st December.

Transactions eliminated in the consolidated financial statements:

Transactions between consolidated companies are eliminated up to their percentage holding reflected in the consolidated financial statements. Losses on transactions between consolidated companies that are indicative of value impairment are not eliminated.

2.5.2. Translation of foreign subsidiaries' transactions and financial statements

The Group's consolidated financial statements are presented in euros, which is the parent company's functional and reporting currency.

Translation of foreign subsidiaries' financial statements:

The financial statements of consolidated foreign subsidiaries whose functional currency is different from the euro, are translated on the following bases:

- assets and liabilities are translated at the official exchange rates prevailing at the year-end date,
- income and expenses are translated at the average rate for the period, which is regarded as approximating the exchange rates at the dates of the transactions, unless exchange rates fluctuate significantly,
- the resulting foreign exchange translation differences are recognised in consolidated equity under the item "foreign exchange translation reserves".

Translation of foreign currency transactions:

The functional currency of Group companies is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currency at the rate of exchange prevailing at the transaction date.

At the reporting date, monetary assets and liabilities denominated in foreign currency are converted into euros at the year end exchange rate. The corresponding exchange rate differences are recorded in financial income in the statement of comprehensive income.

2.5.3. Goodwill

Goodwill on acquisition represents the excess of the cost of an acquisition over the share acquired by the Group of the fair value of the assets, liabilities and identifiable contingent liabilities of the acquired entity on the date of acquisition.

The goodwill recognised for an associate is included in the value of the capital holding in it under the statement of financial position heading "Investments in associates."

Corrections or adjustments may be made to the fair value of assets, liabilities and contingent liabilities acquired within twelve months of acquisition, with a resulting retrospective correction made to goodwill.

Goodwill is tested for impairment every year, or more frequently when events or changes in circumstances indicate possible impairment (cf. 2.5.7).

In accordance with paragraph 80 of IAS 36, acquisition goodwill is apportioned to cash generating units (CGUs) or groups of such units that are liable to benefit from the synergy gains due to making such aggregations under the procedures set out in note 2.5.7.

Any recognised impairments are posted to operating income, and cannot be reversed.

Goodwill cannot be amortised under IFRS.

The impact on the Group's accounts of the companies acquired during the year is presented under note 3 "Highlights" of these notes.

2.5.4. Repurchase commitments for the minority interests of a subsidiary
The Group has opted for the following accounting treatment:

The Group has given promises to minority shareholders and certain fully consolidated subsidiaries to repurchase their shares. This is the case in France, Canada, Sweden and Belgium.

These firm or conditional commitments to buy out the minority interests are recognised as financial liabilities with a corresponding reduction in minority interests.

When the value of the commitment exceeds the value of the minority interests, the balance is recognised as additional goodwill. The fair value of minority interests buyout commitments is reviewed at each year end. The corresponding financial liability is adjusted, with a corresponding adjustment to the related goodwill.

2.5.5. Intangible assets excluding goodwill
Intangible assets are shown in the statement of financial position at their acquisition cost net of the accumulated amortisation and accumulated losses in value.

They mainly consist of patents, licences, trademarks, processes, rights under contracts, pension plan assets and software.

When contracts are awarded, the group capitalises the costs that match the identification criteria defined in IAS 38, and that are incurred between the date when the contract is awarded and the date when the operation actually starts up.

When the Group completes an acquisition, the contractual relationship between the acquired company and its client (the public transport authority) is assessed at fair value and recognised separately from the goodwill as a contractual right that must satisfy the qualifying criteria of IAS 38 and IFRS 3.

Where their useful life is defined, intangible assets are amortised on a straight-line basis over periods corresponding to their expected useful life. The amortisation method and useful lives are revised at least each financial year. The estimated useful lives are as follows:
- Contractual rights: two to twenty years, corresponding to their estimated useful life, allowing for a contract renewal rate when the Group has a high renewal rate in the CGU concerned.
- Software: over a period of one to five years.

Since the Group's trademarks (Keolis, Orléans Express, Busslink, City trafik, Eurobahn, Eurobussing) have an indefinite useful life, they are tested for impairment annually, or more frequently where value impairment is indicated.

2.5.6. Tangible assets
Expenditure on property, plant and equipment by Keolis is recognised as an asset at its acquisition cost where it satisfies the following criteria:
- it is likely that the future economic benefits relating to the asset will fall to Keolis,
- the cost of the asset can be reliably ascertained.

Tangible assets are shown in the statement of financial position at their acquisition cost less the accumulated depreciation and accumulated losses in value. The cost includes the asset's purchase or production cost and all the costs directly incurred in making it usable.

Items of property, plant and equipment cease to be recognised as assets when they are derecognised (through disposal or retirement), or when no future economic benefit is expected from their use or disposal. Any gain or loss arising from the derecognition of an asset from the statement of financial position (the difference between the net income from disposal and the carrying value of that asset) is recognised in the statement of comprehensive income in the financial year of its retirement.

Given the nature of the group's business, the activities of the different subsidiaries or joint ventures do not include holding investment property assets.

Subsequent expenditure:
Subsequent expenditure incurred in replacing property, plant or equipment is recognised under PPE only if it satisfies the foregoing general criteria.
Otherwise, such expenditure is recognised in the statement of comprehensive income as and when incurred.

The Group has identified components of capital assets. These have useful lives similar to the main asset to which they relate, and are therefore not separately accounted for. Through its public passenger transport activity, Keolis incurs multi-year expenditure on major repairs of its light rail (underground railway, tramway) and railway rolling stock. Since these assets were provided by local government authorities, they are not recognised separately as components under assets, and expenditure on major repairs is provisioned when there is a contractual liability at the year end.

Depreciation:
The residual values and useful lives of the assets are reviewed and, where applicable, adjusted annually or whenever lasting changes arise in operating conditions.
To date, the residual values at the end of the useful life are regarded as immaterial.

Land is not depreciated. Other tangible assets (property, plant and equipment) are depreciated according to the straight line method. The estimated useful lives are as follows:

Buildings	15 - 20 years
Equipment and tooling	5 - 10 years
Office equipment and furniture	5 - 10 years
Vehicles	
New vehicles:	
Light cars	5 years
Utility vehicles (gross vehicle weight < 3.5 tonnes)	5 years
Trailers	8 - 9 years
Coaches and buses	10 - 15 years
Railway equipment	15 - 20 years
Second-hand vehicles	2 - 14 years

Leases:
For the purposes of its activity, Keolis uses assets made available to it under leasing or rental contracts. Such contracts, including those falling within the scope of IFRIC 4 "Determining Whether an Arrangement Contains a Lease", are treated as finance leasing contracts if they transfer to Keolis virtually all the risks and benefits inherent in the ownership of the leased or rented assets which, in that case, exhibit the characteristics of an acquisition. An asset acquired by the Group under a finance leasing contract is recognised at fair value on the date the contract is signed or, if lower, at the present value of the minimum lease payments under the leasing contract. The corresponding liability is recognised as a financial liability. The recognised asset is amortised over its useful life using the method described earlier. Further to an analysis of the IFRIC 4 interpretation (which came into force on 1 January 2006), the Keolis group has not identified any agreement containing or constituting a lease or rental contract, i.e. an agreement the performance of which is subject to the use of one or more specific assets, or an agreement conferring a right to use such asset or assets.
Consequently, no adjustment was made to the financial statements under IFRIC4.

Investment grants
Government grants wholly or partly covering the cost of investing in an asset are recognised as "Other current operating liabilities" and systematically written down in the statement of comprehensive income over the useful lives of the assets concerned.

2.5.7. Impairment of capitalised assets and non-financial assets

Keolis performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be amortised.

For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

The CGUs represent the smallest group of assets generating cash-flows largely independently of other asset groups. Such units or groups of units correspond to the divisional management units and major networks in France and internationally mainly to individual foreign countries.
For testing purposes, the assets are aggregated within CGUs in accordance with IAS 36 "Impairment of Assets".

These tests compare the net carrying amount of assets with their recoverable amount, which is the higher of the fair value less the potential sales costs and the value in use of the asset. In the absence of any fair value observable on an organised market, the recoverable value of the CGUs is determined on the basis of their value in use.

The carrying amount of each asset group tested was compared with its value in use defined as the sum of the net cash flows arising from the latest forecasts for each of the CGUs, drawn up according to the main assumptions and procedures set out below:

- medium-term plan and budgets over a 4-year timeframe, drawn up by Management on the basis of growth and profitability assumptions taking account of past performance, foreseeable developments in the economic environment and the expected development of markets,
- extrapolation of the net cash flow of the last year of the plan on the growth assumptions stated below, over the estimated lifespan of the contract,
- discounted future value of the cash flows as arising from these plans at a rate determined using the weighted average cost of capital to Keolis (WACC).

A sign of impairment has been identified on the Nouvelles Mobilités delegated management contract for which the impairment test did not lead to the recognition of an impairment.

The main assumptions adopted for the impairment tests are as follows:

Discount rate
The discount rate used is determined on the basis of the average cost of capital, reflecting current assessments of the time value of money and the risks inherent in the asset tested.

The weighted average cost of capital was determined by cross-checking two methods: the "Capital Asset Pricing Model" (CAPM) and the weighted average cost of capital for comparable listed companies. Taking these parameters into account, the cost of capital used to discount the future cash flows was 6.8% in 2009, against 7.5% in 2008.

These discount rates are post-tax rates applied to cash flows after tax. Use of those rates results in the determination of recoverable amounts identical to those obtained using pre-tax rates applied to untaxed cash flows as required by IAS 36.

Long-term growth rate
The rates adopted for the main cash-generating units or groups of such units were as follows:

	2009	2008
France	**2.0%**	2.0%
Great Britain	**2.0%**	2.0%
Denmark	**2.0%**	2.0%
Canada	**2.0%**	2.5%
Belgium	**2.0%**	2.0%
Other countries	**2.0%**	2.0%

As at the end of December 2009, the impairment tests of assets with indefinite useful lives led to no recognition of any value impairment.

Value impairment is recognised in the statement of comprehensive income if the carrying amount of a cash-generating unit or group of such units is greater than its recoverable amount. The value impairment is allocated first to the goodwill apportioned to the CGU or CGU group tested, then to the other assets of the CGU or CGU group in proportion to their carrying amount.

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero.

Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other tangible and intangible assets.

In the event of an impairment loss being reversed, the asset's carrying amount is capped at the carrying amount that would have been determined net of any depreciation or amortisation that would have been charged if no value impairment had been recognised in prior periods. When an impairment loss or a write-back of an impairment loss has been recognised, the depreciation charge is adjusted for future periods so that the adjusted carrying amount of the asset, less its residual value if any, is spread rationally over the remaining useful life.

Sensitivity of recoverable values
Sensitivity tests were conducted on groups of CGUs within a range of long-term growth rates or WACCs.

For groups of CGUs relating to France, Great Britain, Canada, Denmark, and Others, a 1 percent reduction in growth rate or a 1 percent increase in the WACC would leave a margin between the value in use and the carrying amount.

2.5.8. Financial assets
Financial assets include securities available for sale and loans and receivables at amortised cost.

Purchases and sales of financial assets are recognised at the transaction date, at which Keolis is committed to the purchase or sale of the asset. On initial recognition, financial assets are recognised in the statement of financial position at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except for the category of financial assets measured at fair value in the statement of comprehensive income, for which transaction costs are recognised directly in the statement of comprehensive income).

Financial assets are derecognised whenever entitlements to future cash flows have expired or are transferred to a third party, and Keolis has transferred virtually all the risks and benefits or the control of such assets. Financial assets the maturity (or intended holding period) of which exceeds one year are recognised under "Other non-current financial assets".

On the date of initial recognition, according to the purpose for which the asset is acquired, Keolis classifies the financial asset in one of the four accounting categories specified by IAS 39, "Financial Instruments: Recognition and Measurement". The Group does not use the "Held-to-maturity investments" category.

Financial assets at fair value, recognised in profit or loss:
These are financial assets acquired by the Group with the intention of selling them in the short term.

Derivative financial instruments are also classified as held for trading unless they are designated effective hedging instruments. They are measured at fair value and their subsequent fair value changes are recognised in the statement of comprehensive income.

Loans and receivables:
Loans and receivables are non-derivative financial assets the payment of which is fixed or determinable and that are not listed on a regulated market. These assets are recognised according to the amortised-cost method, using the effective interest rate method. An impairment loss is recognised whenever the estimated recoverable amount is below the carrying amount.
This category includes trade receivables, deposits and guarantees, and loans.

Available for sale (AFS) assets:
These are non-derivative financial assets designated as being available for sale, and not falling within the other categories. They are measured at their fair value in the statement of financial position; changes in value are recognised directly in equity. When available-for-sale financial assets are sold, or there is objective indication of impairment, any changes in fair value that have been recognised directly under equity are transferred to the statement of comprehensive income.

For listed securities, fair value is equal to market price; for unlisted securities, reference is made to recent arm's-length transactions made between informed and willing parties, or to a technical measurement based on reliable, objective information with the other estimates used by other market operators or using discounted cash flow analysis. However, when the fair value of a security cannot reasonably be estimated, in the last resort it is carried at historical cost.

The Group does not currently possess any listed securities. This category consists mainly of shareholdings.

Amortisation of financial assets:
Impairment is recognised on a financial asset or group of financial assets where there is an objective indication of impairment arising from one or more events that have occurred since the initial recognition of the asset, and such impairing event has an impact on the estimated future cash flows from the financial asset or group of financial assets, and if its carrying value is higher than its estimated recoverable value.

2.5.9. Inventories
Inventories consist mainly of consumables and miscellaneous goods or supplies used for the maintenance and upkeep of vehicles or intended for resale.

These stocks are valued at purchase cost. Impairment is recognised to reduce the purchase cost (determined using the weighted average price method or the FIFO "First-in, First-out" method) to the net realisable value if lower. Pursuant to IAS2, the net realisable value is the estimated sale price in the normal course of business, less the estimated cost for completion and fulfilment of the sale.

2.5.10. Trade and other receivables
Trade receivables and receivables from other debtors are initially recognised at their fair value which, in most cases, is the nominal value given the generally short payment times. The carrying amount is subsequently valued at the amortised cost using the effective interest rate method, less any impairment allowances.
Short-term receivables with no declared interest rate are recognised at the nominal amount unless discounting at the market rate would have a significant impact.

If there is an objective indication of impairment or a risk that Keolis may be unable to collect all the contractual amounts (principal plus interest) on the date set in the contractual payment schedule, an impairment loss is recognised in the statement of comprehensive income. This allowance is equal to the difference between the carrying amount and the estimated recoverable future cash flows, discounted at the original effective rate of interest.

2.5.11. Cash and cash equivalents

This item includes cash, sight deposits and other short-term deposits as well as other easily convertible liquid instruments with negligible risk of changing value, maturing less than three months from the date of acquisition. It also includes liquidity that is unavailable to the Group mainly as a result of contractual commitments, chiefly in the UK railway franchises, to maintaining levels of liquidity in the subsidiaries concerned.

2.5.12. Capital assets held for sale or discontinued activities

Capital assets or groups of assets held for sale are classified under separate headings in the statement of financial position as "Assets held for sale or discontinued activities" and "Liabilities on discontinued activities or relating to capital assets held for sale", and are valued at the lower of their net carrying amount or their fair value net of disposal expenses. They cease to be amortised or depreciated as from the date of their classification in that category. If the sale exceeds the bounds of an identifiable asset and concerns a set of assets and liabilities of which Keolis intends to dispose in a single transaction, that set is classified as intended to be sold, without any netting of assets and liabilities. Moreover, when IFRS 5 criteria are satisfied at the end of the lapsed period, the net proceeds from the activities disposed of or being disposed of together with, where applicable, the net disposal proceeds and the value impairment arising from measurement of the assets at fair value net of disposal costs, are presented in the statement of comprehensive income under the heading "Net profit or loss net of tax on activities discontinued or being disposed of". In accordance with IFRS 5, the comparative profit and loss accounts for the earlier periods are restated, so that the results of the activities discontinued reflect for those periods the results for all the activities discontinued or being disposed of at the close of the latest elapsed period.

The Group has not had any discontinued business assets or assets held for sale since 2007.

2.5.13. Income tax

Kuvera Développement, parent company of the tax group, has opted for the tax consolidation regime since fiscal year 2008. Other tax consolidation regimes also exist in Europe. The effect of these regimes is recognised in the consolidated statement of comprehensive income. Most of the French companies subject to corporate income tax and in which Kuvera Développement holds an equity interest of 95% or more are included in the tax consolidation group.

The income tax expense or income includes the current tax expense or income and the deferred tax expense or income. Tax is recognised in the profit and loss account unless it relates to elements which are directly recognised under equity, in which case, the tax is recognised under equity.

Current tax is the estimated amount of tax due on the taxable profit for the period. It also includes adjustments to the amount of tax payable in respect of previous periods.

Deferred tax is calculated for each individual entity according to the asset liability approach, on the temporary differences between the carrying amount of the assets and liabilities and their taxation base, including assets of which Keolis has possession under finance leasing agreements.

Measurement of deferred tax assets and liabilities depends on whether the group expects to recover or to pay the carrying amount of the assets and liabilities, under the variable-carry-forward method, using the rates of taxation that were adopted or virtually adopted at the year end date. A deferred tax asset is only recognised or maintained as an asset to the extent that the group is likely to benefit from future taxable profits to which the related deductible temporary difference may be imputed.

In accordance with standard IAS 12 "Income Taxes", the value of deferred tax assets and liabilities is not discounted.

Deferred tax assets and liabilities are offset at the level of each tax entity where the entity realises the asset and settles the liability within the same period.

The 2010 Budget voted on 30 December 2009, cancelled the payment of the Taxe Professionnelle (business tax) for French tax entities as from 2010 and relaced it with two new levies:

- The *Cotisation Foncière des Entreprises* (C.F.E) or Business Land Contribution calculated on the basis of the land rental values of the current business tax,
- The *Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E) or business value-added levy, calculated on the basis of the added value resulting from the individual financial statements.

Following the tax change mentioned above, the Keolis group re-examined the accounting treatment of taxes in France in relation to the IFRS standards, taking account of the latest analysis available on the accounting treatment of taxes and levies, and especially those provided by IFRIC.

The Keolis group considered that the tax change mentioned above actually involved replacing the business tax above by two new levies of a different nature:

- The CFE, whose amount depends on the land rental values and which can eventually be capped at a percentage of the added value, presents significant similarities with the business tax and will therefore be recognised as such in 2010 under operating expenses,
- The CVAE, which according to the group's analysis meets the definition of an income tax as defined by IAS 12.2 ("taxes owed on the basis of taxable profits"). To conduct its analysis, management primarily used the decisions rejecting the addition of the matter to its agenda issued by IFRIC in March 2006 and May 2009 on the question of the scope of application of IAS 12 "Income tax". Indeed, IFRIC stipulates that to enter into the scope of IAS 12, a tax must be calculated on the basis of an amount net of income and expenses and that this net amount may be different from the net carrying amount. The group considered that the CVAE fulfilled the characteristics mentioned in this conclusion, to the extent that the value added constitutes the intermediate level of income used systematically as the basis, according to French tax rules, to determine the amount due under the CVAE.

Pursuant to the provisions of IAS 12, the qualification of the C.V.A.E as an income tax led to the recognition as at 31/12/2009 of deferred taxes relating to the timing differences existing on that date, as a counter entry to the net expense in the comprehensive income of €2.9 million. Furthermore, as from the 2010 period, the total amount of the current and deferred expense in relation to the CVAE will be presented on this same line.

The timing differences are determined as follows:
The assets will generate future income that will be taxed according to the CVAE (at least up to their NAV) while the amortisation expenses are not deductible from the CVAE.

Recognised deferred taxes will be restated for the tangible fixed assets amortisable depending on the outstanding residual life and the provisions at the time of recognition of the expense or the discount of the provision.

Temporary differences will be measured again in connection with business combinations occurring after 31 December 2009. As from 2010, fixed assets acquired outside business combinations will be exempt from the initial recognition of an asset or liability as planned by IAS 12.

2.5.14. Financial debt and long term borrowings
All borrowings are initially recognised at fair value, less the related borrowing costs. Thereafter, they are recognised at amortised cost, using the effective interest rate method, with the difference between the cost and the redemption value recognised in the statement of comprehensive income over the term of the borrowings.

The effective interest rate is the rate used to obtain the original carrying amount of a loan by discounting the future cash inflows or outflows over the loan's term. The original carrying amount of the loan includes the transaction costs of the operation and any issue premiums.

When a debt is extinguished early, any non-amortised costs are recognised as expenses.

2.5.15. Derivative financial instruments
The Group uses derivative financial instruments (interest rate options and swaps, foreign exchange forward contracts and options, commodities options and swaps) to hedge against foreign exchange risk and the fluctuating price of commodities:

Foreign exchange risk:
The group carries out for limited amounts hedges backed with investments in foreign entities; they are designated as trading hedges as defined in IAS 39.

Management's objective is to maintain a reference rate. The hedges comprise firm hedges and options. The hedging instruments used are standard, liquid and market-available, namely:
- forward and futures sales and purchases,
- plain-vanilla options calls,
- option puts in combination with option calls to provide symmetric or asymmetric collars,
- barrier interest rate options limited to 20% of the underlying assets,
- naked option puts are only authorised to unwind existing option call positions.

And against the risk of fluctuations in certain commodities resulting from these operating activities:
The Group needs to purchase substantial quantities of fuel for its activities.

The energy price risk is hedged using price indexation included in the contracts signed with their clients by Keolis and its subsidiaries. For approximately half of its purchases, the Group assumes the risk for as long as the price rises are not passed on to its customers. This period is generally a few months to a maximum of 24 months. A hedging policy was instituted to cover this partial exposure.

The objective is to defend the prices indexed under the contracts.

The group hedges this raw materials risk using standard, liquid hedging instruments, namely:
- swaps
- cap calls,
- floor puts if tied with cap calls to create a symmetrical collar,
- barrier interest rate options limited to 20% of the underlying assets.
- naked option puts are authorised only to close out existing option call positions.

Derivative instruments are initially measured at fair value. Changes in fair value are recognised in the comprehensive income statement as financial income and expenses except where those instruments are designated as hedging instruments. They are then measured and recognised in accordance with the hedging recognition criteria of standard IAS 39 "*Financial instruments: Recognition and Measurement*".

Hedge accounting applies if certain qualifying conditions are met, notably, the following:
- a clearly documented hedging relationship at the date when it is instituted, by general hedging documentation that describes Keolis's risk exposure and hedging strategy, and
- the use of effectiveness testing to demonstrate the effectiveness of the hedging relationship prospectively and retrospectively at each reporting date. Effectiveness must be reliably measured and fall within 80% and 125%.

2.5.16. Provisions

Provisions for pension and post-employment commitments (IAS 19):

The Group offers its employees various fringe benefits while they are in employment or after employment. These benefits arise under the legislation applicable in certain countries and under contractual arrangements concluded by the Group with its employees, and are either defined contribution plans or defined benefit plans.

(a) Defined contribution plans:

Defined contribution plans are characterised by payments to organisations that discharge the employer from any subsequent obligation, with the organizations taking responsibility for paying the employee his entitlements. Hence, once the contributions are paid, no liability features in the Keolis financial statements.

(b) Defined benefit plans:

Defined benefit plans refer to plans providing post-employment benefits other than defined contribution plans. Keolis has a duty to accrue provisions for the benefits to be paid to serving members of its staff, and to pay the benefits of former members of its staff. In substance, the actuarial and investment risks lie with the Group.

These plans mainly concern the following:
- pension commitments: pension annuity plans, retirement gratuities, other retirement commitments and additional pension benefits,
- other long term benefits: long service awards.

Commitments for pensions, additional pension benefits and retirement gratuities are measured using a method that takes account of the projected final end of career salaries (termed the Projected Unit Credit Method) on an individual basis, which is based on assumptions of discounting rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account. The measurement of these commitments takes account of the term of the contracts measured by country, and more specifically:
- 20 years for France (term of contracts taking into account the recognised average renewal rate),
- the term of the contract for Great Britain.

The value entered in the statement of financial position under "Staff Benefits and Other Long-term Benefits" is the difference between the discounted value of the future obligations and the fair value of the pension plan assets intended to cover them, possibly decreased by the cost of any past pension payments not yet amortised. Where the result of this calculation is a net commitment, an obligation is recognised as a liability in the statement of financial position.

Concerning the British Train Operating Companies (TOC), a market position was adopted for pension commitments under IAS 19:
- an asset representing pension entitlements is recognised at the start of the franchise,
- a liability is recognised for commitments calculated as falling within the current contract term. The value of both these items will be nil at the end of the contract. This application is repeated on renewal of a particular British franchise.

When calls for tenders are won in France, the asset representing pension entitlements recognised at the start of the franchise is determined on the basis of the amount of pension liabilities and other employee benefits over a period of 20 years.

Keolis has applied the amendment of IAS19 since 1 January 2006.Therefore the actuarial gains and losses relating to post-employment benefits and resulting from the effect of experience and changes in actuarial asssumptions are recognised and are offset directly in equity in the year in which they are incurred against the increase or decrease of the liability. They are set out in the statement of net income and gains and losses recognised directly in equity for the financial year.

Interest paid in respect of pension and similar obligations, and financial income relating to the expected yields from the pension plan assets, are recognised under financial income and expense.

The actuarial calculations for pension and similar commitments are mainly performed by independent actuaries.

Other types of provisions:
Pursuant to IAS37 "Provisions, contingent liabilities and contingent assets", provisions are accrued where at the end of the reporting period there is an existing legal or implicit obligation towards a third party arising from a past event and there is a probability that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made of the amount.

In the context of its activity, Keolis is generally subject to a contractual obligation to maintain and repair facilities managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS37 on provisions and where applicable provisions are accrued for major repairs or even for loss-making contracts in the event that the unavoidable costs incurred to meet the contractual obligation are greater than the economic benefits of the contract. They are discounted whenever the effect of discounting is material.

In cases of restructuring, an obligation is accrued if the restructuring has been announced and is the object of a detailed formalised plan or has been started prior to the reporting date.

Provisions due in more than one year are discounted whenever the impact is material.

2.5.17. Payments in shares and similar payments
Keolis has no share option subscription plans or share purchase warrants for the benefit of its members of staff.

2.5.18. Trade and other payables
Trade payables and other accounts payable are measured at their fair value on being initially recognised; in most cases, this is their nominal value, and thereafter at the amortised cost. Short-term payables with no declared interest rate are recognised at the nominal amount unless discounting at the market rate would have a material impact. Other payables include deferred revenues, corresponding to income received for services not yet provided, and investment grants not yet recognised in the statement of comprehensive income.

2.5.19. Revenue and other business income
Revenue and other business-related income is measured at the fair value of the consideration received or accrued.

It is measured net of discounts and commercial benefits given, where the service has been provided. No income is recognised where there exists significant uncertainty as to either the recoverability of the consideration receivable or the costs incurred or to be incurred in relation to the service, and where the Group remains involved in managing the income.

In connection with its public transport activities, Keolis holds some delegated public service contracts.

French legislation provides for three major types of public-service delegation:
- delegated public-service lease management contracts, under which the operator is required to manage the facilities owned and financed by local authorities and maintain them in good condition,
- franchises (concession contracts), which include contracts comparable to B.O.T. (Build, Operate, Transfer Agreements), and
- state-owned companies.

In France, Keolis mainly operates delegated public-service lease management contracts.

The revenue from urban passenger transport companies is recognised under the terms of the contract signed with the public transport authority, taking account of all additional clauses and any vested rights (indexation clauses, etc).

The same applies for revenue from intercity passenger transport companies, and other activities not under contract, recognised according to the services provided.

Revenue includes the provision of value-added services corresponding to Keolis know-how. The activities concerned in addition to transport include the management of train stations, airports, car parks, travel agencies, and bikes.

Other activity-related income covers services consisting mainly of other revenue classified by the Group as incidental.

2.5.20. Other operating expenses
Since they are a recurrent feature of the activity, losses or gains on sales of transport equipment are recognised on a separate line, and included in income from continuing operations.

2.5.21. Income from continuing operations
Income from continuing operations corresponds to the whole of the expenses and income arising from the Group's recurrent operating activity excluding financing activities, the earnings of associates, activities discontinued or being sold, and corporate income tax.

2.5.22. Operating profit
Operating income includes income from continuing operations and all transactions not directly related to the normal conduct of business, but that cannot be directly attached to any other item in the statement of comprehensive income.

Income and expenses, depreciation and provisions on non-recurring items include all non-recurring operations costing more than 500,000 euros: these include bids on new contracts ("offensive" bids), restructuring costs, capital gains other than on transport equipment, the amortisation of contractual rights and start-up costs in another country or zone.

2.5.23. EBITDA calculation
EBITDA is calculated on income from continuing operations, plus or minus the capital gains or losses on disposals and the calculated items representing provisions, allowances, depreciation, provision reversals, and shares of subsidies.

2.5.24. Financial income/expense
Financial expenses include interest on borrowings and financial debt calculated using the effective interest rate method, the costs of early loan repayment or of cancelling credit lines, financial interest not directly attributable to operating margin and the financial cost of updating non current liabilities.

Financial income includes income from deposits of cash or cash equivalents, and dividends received from non-consolidated companies.

Other financial income and expenses include net foreign exchange gains and losses, changes in the fair value of derivative financial instruments when they are to be recognised in the statement of comprehensive income and are recognised respectively as financial income or expenses. However, changes in the fair value of hedging derivatives are recorded on the same line as the transaction hedged, under operating income.

All interest on borrowings is recognised as financial expenses as and when incurred.

3. HIGHLIGHTS OF FINANCIAL YEAR 2009

In the 2009 reporting period, Keolis group reinforced its international development both through acquisitions to supplement existing operations (Canada and Belgium) and through successful bids in new territories (operation of the Melbourne tramway in Australia).
Also, the Group maintained its position as the primary operator in France in the passenger transport sector in urban and intercity networks thanks to a high renewal rate of its delegations and tenders.

International:

- Canada: Groupe Orléans Express acquired in September 2009 certain assets of the Gaudreault group, 270 vehicles and 300 employees. The Keolis group consolidated four months of activity for this acquisition.
- Belgium: Keolis Vlaanderen acquired 100% of the Flanders Coach group on 1st September 2009. The Keolis group consolidated four months of activity for Flanders Coach.
- Australia: Keolis won the bid for the operation of the Melbourne Tramway. As the operation started at the end of November 2009, the impact on the consolidated financial statements of the Keolis group includes one month of activity.
- Germany: launch of the Maas – Rhein - Lippe contract on 13 December 2009 (railway franchise).
- United States: Keolis was selected in November 2009 as operator of Virginia Railway Express in Washington DC; the contract will start on 1 July 2010.
- England: Keolis with its partner Go-Ahead was reselected to operate the Southern rail franchise in London for a period of 5 years and 10 months beginning from September 2009 (renewable for a further 2 years at the discretion of the DfT).

In France:

On 1st May 2009 , the Keolis Group began the operation of the Bordeaux urban network for which the contract had been granted in 2008. This contract generated revenue of €93 million.
On 11 February the Group acquired the Alphacars group which represented €6.6 million of revenue for the year ended 31 December 2009.
On 20 May, the Keolis subsidiary KPN began the management of the suburban network of the city of Nancy, won following a bid.
On 1 April, Keolis acquired majority control of Aérolis, a company created in partnership with Air France to develop and run the Cars Air France lines.

Lastly, Keolis divested itself of its partnership with Vinci in the operation of the airports of Quimper, Clermont Ferrand, Grenoble and Chambéry and re-centred its development strategy on airports with less than 100,000 passengers per year which fall under the classic public service delegations, central to the Group's know-how.

The total impact of new reporting entities on the Group's financial statements is summarised in the following table:

(€ million)	Amounts
Non-current assets	42
Current assets	18
Total identifiable acquired assets	**60**
Non-current liabilities	(19)
Current liabilities	(31)
Total acquired liabilties	**(50)**
= net identifiable acquired assets	10
+ Goodwill	12
= Acquisition price	22
+/- Acquired cash	(10)
Impact of new reporting entities on cash	**12**

4. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Staff costs

Staff costs:

(€ million)	2009	2008
Wages and social charges	(1,610)	(1,468)
Other staff expenses [1]	(113)	(95)
Total	**(1,723)**	**(1,563)**

(1) Other staff expenses include incentive schemes, profit sharing and pension costs

Number of employees:
The number of group employees break down as follows:

	2009	2008
Executives	1,310	1,339
Supervisory and technical staff	5,465	4,860
Clerical and manual employees	32,300	30,096
Total	**39,075**	**36,295**

Numbers employed in the proportionally consolidated companies are included on the basis of the percentage consolidated.
The average number of staff in the companies acquired during the period is pro rated over the period.

Profit (loss) on the disposal of transport equipment

(€ million)	2009	2008
Sale price	18	11
Net carrying amount	(14)	(10)
Profit (loss) on disposal	**4**	**1**

Profit/(loss) from non-recurring operations

(€ million)	2009	2008
Costs of offensive bids	(4)	(4)
Restructuring expenses	(7)	(3)
Gains/(losses) on disposals of assets other than transport equipment		1
Other non-recurring income and expense	(7)	2
Total	(18)	(4)

In 2008, the net gains and losses related mainly to the sale of real estate belonging to the subsidiaries Cariane Drome and Blanc Argent.

Other non-recurring income and expense included €(2) million amortisation of contractual rights, a reversal of provisions for contract termination losses relating to Extertalbahn for €2 million, provision for contract termination losses of €(5) million, provision for major repairs relating to Transpole of €(1) million.

EBITDA calculation

(€ million)	2009	2008
Operating profit	84	140
Net depreciation and other provisions charged	116	114
Depreciation and provisions charged on non-recurring items	9	(5)
Amortisation of grants received	(9)	(8)
Reversals of utilised operating provisions	(11)	(20)
Income (loss) on non-recurring fixed asset disposal		(1)
Income (loss) on fixed asset disposal	(4)	(1)
EBITDA	185	219
Non-recurring income and expense	9	10
Recurring EBITDA	194	229

(1) Non-recurring income and expense include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

Profit/(loss) from associates

The contributions to consolidated results from associates are neither individually nor globally material to the Group result.

The result of equity-accounted investments include the first quarter of the company Aérolis, a fully consolidated company from the month of April, TICE, Netlog, Passerelle CDG, consolidated for the first time this year and Scodec.

Taxation

The 2009 tax expense was €38 million on profit before tax and associates of €81 million.

The tax expense recognised breaks down as follows:

	2009	2008
(€ million)		
Current tax expense	(36)	(43)
Tax payable for the period	**(36)**	(43)
Adjustments in respect of prior years		
Deferred tax expense (income)	(2)	1
Deferred tax for the period	**(2)**	1
Impairment loss on deferred tax asset		
Total tax expense for the year	(38)	(42)

The reconciliation between the legal rate of taxation in France and the effective rate before reclassification of the discontinued activities is as follows:

	2009	2008
(per cent)		
Legal rate of taxation in France	**34.43%**	34.43%
French/foreign taxation rate differentials	**(3.15)%**	(2.95)%
Effect of reduced rates and changes in tax rates	**(0.94)%**	(0.99)%
Adjustments under tax for prior years	**(0.76)%**	
Other permanent differences	**(10.47)%**	(0.78)%
Unrecognised deferred tax asset	**28.82%**	1.01%
Effective rate of taxation	47.93%	30.72%

The group had accumulated losses of €6.3 million to carry forward.
The amount of tax assets not recognised over the period amounts to €19 million.

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill

Changes in net carrying amount:

	Gross value	Impairment charge	Net value
(€ million)			
At 1 January 2008	107		107
Acquisitions	92		92
Disposals			
Impairment losses for the period			
Foreign exchange translation difference	(5)		(5)
At 31 December 2008	194		194
At 1 January 2009	194		194
Acquisitions	10		10
Disposals			
Impairment losses for the period			
Foreign exchange translation difference	3		3
At 31 December 2009	207		207

The changes in goodwill during the 2009 financial year are explained by:

- the acquisitions for the year of €10.5 million of which €5 million relates to the Flanders Coach group and €3 million to the Alphacars group,
- a reduction of €(0.7) million from the revaluation within 12 months of goodwill relating to companies acquired in 2008,
- the increase in profit sharing and the change in value of minority shareholders' put options, for €(0.3) million.

Other intangible assets

	Software	Others [1]	Total
(€ million)			
At 1 January 2008	7	32	**39**
Acquisitions	6	6	**12**
Assets disposed of and scrapped			
Depreciation	(5)	(5)	**(10)**
Changes in consolidation scope		10	**10**
Foreign exchange translation difference and other movements	1	4	**5**
At 31 December 2008	9	47	**56**
Gross value	32	57	**89**
Amortisation and impairment loss	(23)	(10)	**(33)**
Net carrying amount at 31 December 2008	9	47	**56**

	Software	Others(*)	Total
(€ million)			
At 1 January 2009	9	47	**56**
Acquisitions	4	12	**16**
Assets disposed of and scrapped			
Depreciation	(5)	(6)	**(11)**
Changes in consolidation scope		11	**11**
Foreign exchange translation difference and other movements		2	**2**
At 31 December 2009	8	66	**74**
Gross value	35	83	**118**
Amortisation and impairment loss	(27)	(17)	**(44)**
Net carrying amount at 31 December 2009	8	66	**74**

(*) Other intangible assets mainly comprise Trademarks for an amount of €1 million and contractual rights for €29 million.

Property, plant and equipment

	Land & improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Others	Total
(€ million)							
At 1 January 2008	16	48	33	191	15	14	317
Acquisitions	2	9	9	65	22	6	113
Assets disposed of and scrapped	(1)	(1)	(1)	(10)	(2)		(15)
Depreciation	(1)	(8)	(12)	(57)		(5)	(83)
Changes in consolidation scope	8	15	2	51		26	102
Foreign exchange translation difference and other movements	(5)	2	(1)	27	(6)	(25)	(8)
At 31 December 2008	19	65	30	267	29	16	426
Gross value	23	124	90	762	29	55	1,083
Cumulative depreciation and impairment loss	(4)	(59)	(60)	(495)		(39)	(657)
Net carrying amount at 31 December 2008	19	65	30	267	29	16	426

	Land & Improvements	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Others	Total
(€ million)							
At 1 January 2009	19	65	30	267	29	16	**426**
Acquisitions	2	5	13	115	27	8	**170**
Assets disposed of and scrapped		(2)	(2)	(19)	(17)		**(40)**
Depreciation	(1)	(8)	(12)	(65)		(6)	**(92)**
Changes in consolidation scope	1	1	2	34		1	**39**
Foreign exchange translation difference and other movements	1	5	2	17	(20)	2	**7**
At 31 December 2009	22	66	33	349	19	21	**510**
Gross value	26	131	105	860	19	64	**1,205**
Cumulative depreciation and impairment loss	(4)	(65)	(72)	(511)		(43)	**(695)**
Net carrying amount at 31 December 2009	22	66	33	349	19	21	**510**

Finance leasing

At 31 December 2009, finance leased assets recognised under assets in the statement of financial position comprise:

	Land and buildings	Transport equipment	Total
(€ million)			
Gross value	4	137	**141**
Depreciation	(2)	(90)	**(92)**
Total finance leased non-current assets	**2**	**47**	**49**

Assets to be returned to local authorities

Assets to be returned to local authorities pursuant to agreements with a number of subsidiaries have a net carrying amount of €79 million at 31 December 2009, and are included within the following non-current asset categories:

	Software	Land and buildings	Transport equipment	Others	Total
(€ million)					
Gross value	13	45	44	34	**136**
Depreciation	(10)	(15)	(13)	(19)	**(57)**
Total	**3**	**30**	**31**	**15**	**79**

Joint Ventures

The contributions of joint ventures to the statement of financial position and the statement of comprehensive income are detailed below:

	Govia	Southern Railway(*)	London Midland	Transpennine	LSER	Others	**Total joint ventures**
(€ million)							
Non-current assets	30	11	7	2	6	14	**70**
Cash		54	9	36	27	4	**130**
Total statement of financial position	44	89	26	48	61	26	**294**
Net profit (loss) attributable to Group	(1)	9	(2)	16	4	3	**29**
Equity attributable to Group	5	(3)	1	6	9	5	**23**
Current and non-current liabilities	39	93	23	42	51	20	**268**

(*) Includes the companies operating the old and new franchises.

Other financial assets

	Loans and receivables	Securities available for sale	Deposits and guarantees	**Total**
(€ million)				
At 31 December 2009				
Gross value	35	4	5	**44**
Impairment loss				
Net value	35	4	5	44

	Loans and receivables	Securities available for sale	Deposits and guarantees	**Total**
(€ million)				
At 31 December 2008				
Gross value	40	4	3	**47**
Impairment loss				
Net value	40	4	3	47

The securities available for sale relate to investments in companies which are not consolidated.

Deferred tax asset and liabilities

Deferred tax items entered as non-current assets / liabilities break down as follows:

	At 31 December 2009	At 31 December 2008
(€ million)		
Deferred tax asset	31	33
Less than one year	**6**	15
More than one year	**25**	18
Deferred tax liabilities	(37)	(34)
Less than one year	**(37)**	(34)
More than one year		

Deferred tax items in the statement of financial position primarily stem from provisions for pensions, temporary timing differences arising from tax, the restatement of finance leases and the goodwill on capitalised assets.

At 31 December 2009, unrecognised deferred tax assets amounted to €42 million. These relate to unused tax losses that are only useable within a defined time period.

At each financial year end, Keolis assesses for each tax entity the probability of its having taxable profits against which to offset its deferred tax assets or to use available unrecognised tax credits. In making this assessment, Keolis takes account, among other factors, of past and present taxable profits, and of the companies' prospects for making future taxable profits.

The change in net deferred tax recognised in the statement of financial position breaks down as follows:

(€ million)	Less than one year	More than one year
Opening balance at 1 January 2008	(7)	17
Recognised in equity	4	1
Recognised in profit and loss		1
Effect of consolidation scope changes	(17)	
Foreign exchange translation difference and other movements	1	(1)
Closing balance at 31 December 2008	(19)	18
Opening balance at 1 January 2009	(19)	18
Recognised in equity	(5)	4
Recognised in profit and loss	(3)	1
Effect of consolidation scope changes	(3)	2
Foreign exchange translation difference and other movements	(1)	
Closing balance at 31 December 2009	(31)	25

Inventories

(€ million)	At 31 December 2009	At 31 December 2008
Gross inventories	**63**	39
Provisions	**(5)**	(4)
Net inventories	58	35

Trade and other receivables

(€ million)	At 31 December 2009	At 31 December 2008
Trade receivables	**294**	335
Advances and down payments on orders	**6**	3
Receivables from staff and welfare agencies	**5**	4
Receivables from central and local government	**75**	77
Others	**129**	70
Total trade and other receivables	**509**	**489**
Provisions	**(7)**	(8)
Net trade and other receivables	**502**	**481**

Cash and cash equivalents

Analysis by type:

(€ million)	At 31 December 2009	At 31 December 2008
Cash	**230**	139
Short term investments	**127**	83
Total recognised as assets	**357**	**222**
of which UK rail ring fenced cash and deposits [1]	127	75

(1) In the United Kingdom, operating companies are required under contract to retain a level of liquidity such that the public service offer can be maintained in the event of the operator's insolvency. This requires the operator to maintain a Liquidity Maintenance Ratio or Financial Ratio. The required amount corresponds to a certain number of weeks of direct costs relating to the activity, or an amount sufficient to meet the Financial Ratio and must be maintained until the end of the franchise. This constraint means that the liquidity in question is treated as unavailable to the Group.

Consolidated cash flow statement:

(€ million)	At 31 December 2009	At 31 December 2008
Cash	**230**	139
Short term investments	**127**	83
Bank overdrafts	**(125)**	(59)
Net cash and cash equivalents	231	163

Cash equivalents include highly liquid short term investments that are easily convertible into a known amount of cash and present no significant risk of loss of value.

Keolis takes the view that its UCITS classified by the AMF (French financial markets authority) as "euro money-market" meets the criteria necessary to classify them as cash equivalents.

The amount of financial expense paid was €4 million at 31 December 2009 and €3 million at 31 December 2008.

In 2009 a transfer of no-recourse receivable was recognised for an amount of €4.7 million.

Equity

Share capital and share premium:

At 31 December 2009, the share capital comprised 3,904,273 shares with a nominal value of €12 each.
No diluting instrument was issued during the financial year ended 31 December 2009.

The Group's borrowing contracts do include any obligation to maintain a debt/equity ratio. Nevertheless, the Group's aim is to maintain or strengthen its capital base while paying regular dividends to its shareholders. Equity capital includes the share of capital attributable to the Group as well as the unrealised gains and losses recognised directly in equity.

Treasury shares:

At 31 December 2009 and 31 December 2008 Keolis held no treasury shares and was not a party to any purchase or sale option relating to Keolis shares.

Distributable reserves and earnings:

At 31 December 2008 and at 31 December 2009 Keolis SA had distributable reserves of €51 million and €19 million respectively.

Foreign exchange translation reserves:

During 2009 the foreign exchange translation reserves increased by € 2 million. This change was mainly due to the fluctuation of the pound sterling against the euro.

The following were the main exchange rates against the euro used during the 2009 and 2008 financial years:

	2009		2008	
	Average Rate	**Year end rate**	Average Rate	Year end rate
Pound Sterling	**0.891050**	**0.888100**	0.796540	0.952500
Australian dollar	**1.774869**	**1.600800**	1.741600	2.027400
DKK	**7.446303**	**7.441800**	7.455940	7.450600
SEK	**10.619959**	**10.252000**	9.616880	10.870000
Norwegian krone	**8.729330**	**8.300000**	8.224850	9.750000
USD	**1.393268**	**1.440600**	1.470600	1.391700
CAD	**1.585191**	**1.512800**	1.559290	1.699800

Financial debt and long term borrowings

Refinancing operations:

At 31 December 2009, the undrawn balance of the syndicated loan put in place in 2007 was €70 million.

Financial debt breakdown by type:

	At 31 December 2009		
	Statement of financial position	**Maturity date**	**Rates**
(€ million)			
Owed to minority shareholders (put option)	**4**	2010	
Finance leasing	**20**	2010	Variable rates
Loans	**48**	2010	Variable rates
Sub total, short term	72		
Owed to minority shareholders (put option)	**44**	2010-2012	
Finance leasing	**31**	2010-2015	Variable rates
Employee profit sharing	**3**	2010-2015	Fixed rate
Loans	**140**	2010-2015	Variable rates
Sub total, long term	218		
Total	**290**		

	At 31 December 2008		
	Statement of financial position	Maturity date	Rates
(€ million)			
Owed to minority shareholders (put option)	4	2009	
Finance leasing	16	2009	Variable rates
Loans	44	2009	Variable rates
Sub total, short term	64		
Owed to minority shareholders (put option)	42	2009-2010	
Finance leasing	31	2009-2015	Variable rates
Employee profit sharing	3	2009-2015	Fixed rate
Loans	128		Variable rates
Sub total, long term	204		
Total	**268**		

Joint venture borrowings are mainly financing facilities negotiated with the partners. These loans are tacitly renewable and interest bearing.

Financial debt breakdown by maturity:

	At 31 December 2009						
	2010	2011	2012	2013	2014	After 2014	Total
(€ million)							
Finance leasing	20	15	8	3	2	3	**51**
Other debt	52	56	105	6	12	8	**239**
Sub total, long term	72	71	113	9	14	11	**290**

Financial debt breakdown by currency:

	At 31 December 2009	At 31 December 2008
(€ million)		
Euro	**174**	243
Canadian dollar	**34**	7
Pound Sterling	**31**	36
SEK	**18**	20
Australian dollar	**17**	
DKK	**15**	21
NOK	**1**	
Total financial debt	**290**	**327**

Mandatory financial ratios:
The debt refinancing agreement of 24 May 2007 amended on 4 June 2009 included Leverage and Net Interest Coverage ratios. The Group met the required ratios as of 31 December 2009 and 31 December 2008.

The leverage ratio corresponds to the ratio between net debt and recurring EBITDA.
Net Interest Coverage ratio corresponds to the ratio between recurring EBITDA and the financial income/(loss).

Financial assets and liabilities by category

	Book vale by category of instrument					31/12/2009	Fair value valuation by level			31/12/2009
	Fair value through profit and loss	Assets held for sale	Loans and receivables	Debts at amortised cost	Derivative instruments	**Value in statement of financial position**	Listed price	Model based on observable parameters	Model based on non-observable parameters	**Fair value**
(€ million)										
Investments in associates		4				**4**				
Other non-current financial assets			15			**15**				
Trade receivables			295			**295**				
Other receivables			207			**207**				
Current financial assets			25			**25**				
Cash and cash equivalents	358					**358**	358			**358**
ASSETS	358	4	542			904	358			358
Non-current financial debt	44			174		**218**		44		**44**
Current financial debt	4			68		**72**		4		**4**
Current portion of bank borrowings	126					**126**	126			**126**
Customer deposits and advances received			30			**30**				
Trade and other payables			411			**411**				
Other current operating liabilities			615			**615**				
LIABILITIES	174		1,056	242		1,472	126	59		174

Risk management and financial derivatives

Keolis is exposed to market risks through its commercial and financial operations.
This exposure is due mainly to fluctuations in exchange rates, raw materials' prices, and interest rates.

As at 31 December 2009, the Keolis group had derivatives eligible as cash flow and trading hedges.

Impacts on performance and the financial position of derivatives are presented in the table below:

	31/12/2009			Result			31/12/2009	Equity	31/12/2009
	Nominal	Unit	Fair value (€K)	ICNE (€K)	Income for the period efficient portion (€K)	Income for the period inefficient portion (€K)	Income for the period (€K)	Cash Flow reserves (€K)	Carrying amount in balance sheet (€k)
(€ thousand)									
Derivatives instruments - assets									
Foreign exchange derivatives Trading	6,600	K GBP	148	0	141	7	(2)	0	148
Foreign exchange derivatives Cash Flow Hedge	14,325	K GBP	211	0	(2)	0	(2)	213	211
Foreign exchange derivatives Cash Flow Hedge	18,081	K AUD	(153)	0	(3)	0	(3)	(150)	(153)
Derivatives instruments - liabilities									
Diesel derivatives Cash Flow Hedge	39,197	TM	(119)	0	11	0	10	(129)	(119)
Diesel derivatives Trading	7,200	TM	114	0	114	0	114	0	114
Total income/(loss)			**203**	**0**	**111**	**7**	**118**	**85**	**203**
Foreign exchange			206	0	(14)	7	(7)	213	206
Diesel	46,397		(3)	0	125	0	125	(128)	(3)
Portion in financial income				0	111	7	118		
Portion in operating income									

The foreign exchange derivatives listed in trading whose volumes and fair values are presented above have no impact on net income since they are re-billed through the Non Deliverable Forwards to Kuvera Développement.

Foreign exchange trading derivatives:

	At 31 December 2009	
GBP HEDGE	**Nominal (GBP thousand)**	**Fair value (EUR thousand)**
Forward purchases	**0**	**0**
Forward sales	**4,500**	**129**
Tunnels (Purchases of puts and calls)	**1,600**	**12**
Sales of calls	**500**	**7**
Purchases of naked calls		
Total	**6,600**	**148**

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2009		At 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
(€ million)				
Currency instruments	0.1		2.8	2.3
Raw-materials instruments		0.0		12.2
Total	**0.1**	**0.0**	**2.8**	**14.5**

Foreign exchange risk:
At 31 December 2009, Keolis had derivatives eligible for designation as cash flow hedges aimed at hedging foreign exchange risk on loans or borrowings denominated in foreign currency and recorded in current accounts.

The hedges comprise firm hedges, options and stop loss.

The hedging instruments used by the group at 31 December 2009 are standard, liquid and available in the markets, namely:
- forward and futures sales and purchases,
- plain-vanilla option calls,
- option puts in combination with option calls to provide symmetric or asymmetric collars,
- barrier interest rate options limited to 20% of the underlying assets,
- naked option puts are only authorised to unwind existing option call positions.

Fair value of foreign exchange hedge instruments
There is no impact of foreign currency hedging contracts on the 2009 statement of comprehensive income.
The net fair value of derivatives on foreign exchange amounted to €0.1 million at 31 December 2009.
The balance of the "fair value reserve" account for the foreign exchange derivatives is €0.1 million.
The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2009		At 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
(€ million)				
Currency instruments, which				
Qualify as cash flow hedges	0.1		0.5	
Do not qualify as cash flow hedges			2.3	2.3
Total	**0.1**		**2.8**	**2.3**

All of the foreign exchange hedging instruments held at 31 December 2009 mature during 2010.

The nominal amounts as well as the fair values of foreign exchange hedging derivatives (forward purchases and sales contracts) are detailed below:

	At 31 December 2009	
GBP HEDGE	**Nominal (GBP thousand)**	**Fair value (EUR thousand)**
Forward purchases	**14,325**	**211**
Forward sales		

	At 31 December 2009	
AUD HEDGE	**Nominal (AUD thousand)**	**Fair value (EUR thousand)**
Forward purchases		
Forward sales	**18,081**	**(153)**

The sensitivity of the foreign exchange hedging contracts to a variation of plus or minus 10% in foreign exchange rates is detailed below:

	At 31 December 2009	
	90% of the exchange rate	110% of the exchange rate
(€ million)		
Impact OCI	(0.5)	0.5
Impact P&L		
Valuation	(0.5)	0.5

Management of the risk of raw materials price fluctuations:
Keolis's exposure to the risk of fluctuations in raw materials prices mainly arises from purchases of fuel. The group hedges this raw materials risk using standard, liquid hedging instruments, namely:

- swaps,
- cap calls,
- floor puts if tied with cap calls to create a symmetrical or asymmetrical tunnel,
- barrier interest rate options limited to 20% of the underlying assets,
- naked option puts are only authorised to unwind existing options call positions.

At 31 December 2009, the Keolis group primarily had derivative instruments designated as eligible for cash flow hedging.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

	At 31 December 2009		At 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
(€ million)				
Raw materials instruments, which				
Qualify as cash flow hedges				10.1
Do not qualifying as cash flow hedges				2.1
Total				**12.2**

The nominal amounts as well as the fair values of raw materials derivatives (forward purchases and sales and options) are detailed below:

	At 31 December 2009	
	Nominal (TM)	Fair value (EUR thousand)
Swaps	23,772	73
Tunnels (cap calls + floor puts)	15,425	(192)
Option sales -floor	6,000	122
Option purchases - floor	1,200	(7)
Total		(4)

The impact on the statement of comprehensive income as at 31 December 2009 is an income of €2,324,000 from raw materials hedging contracts.

The net fair value of derivative instruments in petroleum raw materials amounted to nil at 31 December 2009 and to €(12.2) million at 31 December 2008.

The fair value of instruments regarded as cash flow hedges, as recognised in the "fair value reserve" heading was €(0.1) million at 31 December 2009.

The sensitivity of the raw materials hedging contracts to a variation of plus or minus 10% in the prices of raw materials is detailed below:

	At 31 December 2009	
	90% of diesel price	**110% of diesel price**
(€ million)		
Impact OCI	**(1.7)**	**1.7**
Impact P&L	**(0.1)**	**0.1**
Valuation	(1.8)	1.8

At 31 December 2009, the payment schedules of raw materials hedging instruments covered the period from January 2010 to January 2011.

Open hedging positions at 31 December 2009 were as follows:

- swaps for a nominal volume of 23,772 metric tonnes, of which 23,472 mature in 2010 and 300 mature in 2011,
- purchase of call options for a nominal volume of 15,425 metric tonnes, of which 15,125 mature in 2010 and 300 mature in 2011,
- sale of put options for a nominal volume of 21,425 metric tonnes, of which 21,025 mature in 2010 and 400 mature in 2011,
- purchase of put options for a nominal volume of 1,200 metric tonnes maturing in 2010.

All hedging transactions are conducted with first-class banking counterparties.

Interest rate risk management:

Keolis's interest rate risk exposure arises mainly from its net financial borrowing.

Hedging of interest rate risks is not accounted for at the level of Keolis Group.

Keolis holds no portfolio of interest rate hedging instruments.

Interest rate hedging operations are made by the parent company of Keolis SA: Financière Keos until 30 November 2009, and Kuvera Développement beyond.

The breakdown between the Group's fixed and variable rate borrowings, excluding the derivative's portfolio, is as follows:

	At 31 December 2009	At 31 December 2008
(€ million)		
Variable rate	**290**	270
Fixed rate		
Financial debt and long term borrowings adjusted for accrued interest	290	270
Variable rate cash and cash equivalents	**(231)**	(163)
Fixed rate cash and cash equivalents		
Cash and cash equivalents	**(231)**	(163)
Accrued interest payable		
Accrued interest receivable		
Net financial debt	59	107

Keolis is exposed to interest rate variability on the variable rate portion of its net financial debt. At 31 December 2009, an increase of 50 basis points in market interest rates, on the basis of a constant net financial debt, would have increased the annual borrowing cost by €1.4 million (excluding accrued interest) and in parallel would have increased the financial income from cash and cash equivalents by €1.1 million.

Management of counterparty risk:
The main transactions generating a potential counterparty risk for Keolis are as follows:
- deposits of cash or cash equivalents,
- derivative instruments,
- trade receivables.

The maximum concentration by instruments class is as follows:
- cash investments: 100%
- derivative instruments: 50%
- trade receivables: 10%

Keolis makes its liquidity deposits and enters into its interest rate, raw materials or currency contracts with first-class banks, thereby limiting the counterparty risk. The counterparty banks of the Group have a minimum long term credit rating "A-" (Standard & Poor's or Fitch).

Each quarter, Keolis studies the changes to ratings and makes management decisions following the analysis of this change. The management decisions are as follows:
- the counterparty is measured as a first rank counterparty, no change of relationship is envisaged,
- the first rank counterparty is demoted to second rank counterparty, no new transaction will be processed with this counterparty,
- the second rank counterparty is promoted to first rank counterparty; new transactions may be processed with this counterparty,
- The counterparty is removed from the list of authorised counterparties, all ongoing transactions with this counterparty are cleared.

The counterparty risk on customer accounts is limited owing to the fact that the majority of the customers in the Keolis portfolio belong to the public sector.
In addition, Keolis is also careful not to acquire an excessive concentration of risks.
Hence, at 31 December 2009 Keolis had no significant counterparty risk.

Liquidity risk:
At 31 December 2009 and at 31 December 2008, the liquidity position breaks down as follows:

(€ million)	**At 31 December 2009**	At 31 December 2008
Undrawn credit line	**70**	70
Cash and cash equivalents	**232**	163
Liquidity position	302	233

The availability of the undrawn credit line by year is as follows:

YEAR	2010	2011	2012
Undrawn credit line (in € million)	50	30	0

During 2010 two repayments of €10 million on 7 June and 7 December will reduce the amount of the undrawn credit line by a corresponding amount.

The liquidity schedule of financial liabilities is as follows:

(€ million)	< 1 year	2 years	From 3 to 5 years	> 5 years
Financial debt			(80)	
Debt expense	(2.2)	(2.5)	(1.7)	

The debt expense is calculated on the basis of the interest rates retained in the budget (1.5% in 2010, 2.5% beyond). The current syndicated loan matures on 31 May 2012.
Keolis ensures that the Group has sufficient resources to meet its financial obligations.
Each year it does this by drawing up a table of projected cash flows several years into the future to identify:
- the level of financial resources required,
- the means of making good any treasury shortfalls

Provisions

Analysis by type:

	At 31 December 2009			At 31 December 2008		
	At more than one year	At less than one year	Total	At more than one year	At less than one year	Total
(€ million)						
Pensions	67	2	69	52	4	56
Other employee benefits provided	8	1	9	7	1	8
Deductibles on insurance claims		7	7		6	6
Disputes	7	2	9	5	3	8
Labour relations litigation and restructuring risks	1	6	7	2	4	6
Losses on contract termination and loss making contracts	1	12	13	7	1	8
Contractual penalties		3	3		3	3
Major repairs		6	6		4	4
Others	3	9	12	3	9	12
Total	87	48	135	76	35	111

Changes during the financial year:

	1 January 2009	Charge	Reversals	Change in consolidation scope	Other movements	31 December 2009
(€ million)						
Pensions	56	18	(16)	6	5	69
Other employee benefits provided	8	2	(1)			9
Deductibles on insurance claims	6	4	(3)			7
Disputes	8	3	(2)			9
Labour relations litigation and restructuring risks	6	5	(4)			7
Losses on contract termination and loss making contracts	8	6	(2)	1		13
Contractual penalties	3	3	(3)			3
Major repairs	4	2	-			6
Others	12	4	(3)		(1)	12
Total	111	47	(34)	7	4	135

	1 January 2008	Charge	Reversals	Change in consolidation scope	Other movements	31 December 2008
(€ million)						
Pensions	52	20	(18)		2	56
Other employee benefits provided	8	1	(1)			8
Deductibles on insurance claims	6	5	(5)			6
Disputes	5	2	(4)		5	8
Labour relations litigation and restructuring risks	10	3	(5)		(2)	6
Losses on contract termination and loss making contracts	11		(3)			8
Contractual penalties	3	3	(3)			3
Major repairs	2	2	-			4
Others	14	5	(6)	1	(2)	12
Total	111	41	(45)	1	3	111

Releases of provisions of €(34) million comprise €(30) utilised and €(4) million released as not required. The movements in pension provisions relate principally to the changes in the actuarial assumptions used by the Group at 31 December 2009.

The main changes in provisions for contract termination losses and loss making contracts at 31 December 2009 are due to an increase of €5 million for the provision for the Lyon contract and a reversal of €2 million of the provision on the Extertalbahn contract in Germany.

Pensions and similar benefits:
The commitments are valued at 31 December 2009 in accordance with the Revision to IAS 19 *'Employee Benefits'*. The Group applies the revision to the Standard allowing actuarial gains/losses in the light of experience and/or due to changes in actuarial assumptions, to be recognised directly in equity.

The amount of commitments recognised in the statement of financial position breaks down as follows:

	At 31 December 2009	At 31 December 2008
(€ million)		
Commitments recorded in the statement of financial position:		
Pensions and other post employment benefits	**69**	56
Other employee benefits provided	**9**	8
Total	**78**	**64**
of which:		
Non-current	**75**	59
Current	**3**	5

Pensions and other post retirement benefits:
Description of commitments under defined benefit plans
Apart from ordinary, statutory schemes, the Group provides, according to country and local legislation, retirement gratuity schemes (France), defined benefit schemes (United Kingdom and Canada) and pensioners' health benefit schemes (Canada).

In France, retirement gratuities paid to the employee on leaving employment are determined according to the national collective labour agreement or the company agreement applying in the business. The following are the two main collective labour agreements applied within the Group:
- *"Convention collective des transports publics urbains"* (CCN_3099) - the national collective labour agreement for urban public transport,
- *"Convention collective des transports routiers"* (CCN_3085) - the national road-haulage collective labour agreement.

These schemes are partly financed by insurance policies. Their value is measured over the average term of the policies (20 years) except in the case of Keolis SA, for which the measurement is made at infinity.

In the United Kingdom, a defined benefit scheme exists specifically for railway activities: the Railways Pension Scheme (RPS). This scheme is funded by a trust. The amount of the company's commitment depends on the term of the franchise.

The commitments under defined benefit schemes undergo an annual actuarial valuation at the year end date, mainly performed by independent actuaries.

Actuarial assumptions
The following are the main actuarial assumptions adopted in evaluating pension commitments under the defined benefit schemes:

	At 31 December 2009			At 31 December 2008		
	France	United Kingdom	Canada	France	United Kingdom	Canada
(per cent)						
Discount rate	**4.75**	**5.90**	**5.50**	5.25	6.20	7.50
Rate of increase in salaries	**2.00-3.00**	**4.50**		2.00-3.00	4.35	
Expected rate of return on assets	**4.80**	**7.60**	**6.00**	4.80	7.35	6.00

The pension scheme assets break down as follows:

	At 31 December 2009			At 31 December 2008		
	France	United Kingdom	Canada	France	United Kingdom	Canada
(per cent)						
Equities	**15**	**63.7 - 64.8**	**48**	15	59.7 - 62.2	45
Bonds	**70**	**9.9 - 10.3**	**47**	70	8.3 - 9.4	50
Real estate	**10**	**12.7 - 14.2**	**5**	10	18.5 - 20.8	5
Others	**5**	**12.2 - 12.6**		5	10.1 - 11.1	

Commitments recorded in the statement of financial position
The commitments recognised in the statement of financial position break down as follows:

	At 31 December 2009	At 31 December 2008
(€ million)		
Present value of non financed liabilities	**63**	50
Present value of financed liabilities	**443**	347
Present value of total liabilities	506	397
Fair value of pension scheme assets	**(334)**	(289)
Cost of non-recognised post services		
Franchise Adjustment	**(103)**	(52)
Present value of net liabilities recognised	69	56

Analysis of changes in liabilities and assets
The net present value of the liabilities comprises:

	2009	2008
(€ million)		
Net present value of liabilities at 1 January	**397**	**524**
Service cost	**17**	19
Financial cost (including Franchise Adjustment)	**15**	19
Benefits paid	**(16)**	(20)
Employee contributions	**8**	8
Changes in pension schemes	**(1)**	1
Actuarial gains (losses)	**63**	(42)
Foreign exchange translation differences	**25**	(112)
Effect of consolidation scope changes	**6**	
Effect of reductions and pension scheme settlements	**(8)**	
Net present value of liabilities at 31 December	**506**	**397**

The fair value of the assets comprise:

	2009	2008
(€ million)		
Fair value of pension scheme assets at 1 January	289	464
Expected return on assets	**14**	20
Actuarial gains (losses) on pension fund returns	**11**	(92)
Employers' contributions	**12**	14
Employee contributions	**8**	9
Benefits paid	**(13)**	(16)
Foreign exchange translation differences	**21**	(110)
Effect of consolidation scope changes		
Effect of reductions and pension scheme settlements	**(8)**	
Fair value of pension scheme assets at 31 December	334	289

The following are the actuarial gains and losses both in the light of experience and due to changes in actuarial assumptions:

	2009	2008
(€ million)		
Impact of changed assumptions	**92**	(52)
Losses and (gains) in the light of experience	**(88)**	55
Total actuarial (gains) and losses for the financial year	**4**	**3**

The following is the geographical breakdown of the liabilities and assets:

	At 31 December 2009			
	UK	France	Canada	Total
(€ million)				
Present value of the liabilities	**429**	**68**	**9**	**506**
Fair value of pension scheme assets	**(326)**	**(1)**	**(7)**	**(334)**
Franchise Adjustment	**(103)**			**(103)**
Net Present Value of net obligations		67	2	69

Benefit cost for the financial year
The cost of benefits recognised as an expense breaks down as follows:

	2009	2008
(€ million)		
Service cost	**17**	19
Interest cost	**15**	19
Expected return on assets	**(14)**	(20)
Depreciation of costs of past services	**(1)**	1
Effect of reductions and pension scheme settlements		
Total expense recognised in the statement of comprehensive income	17	19

The service cost and the amortisation of past pension payment costs are recognised as staff expenses.

The interest cost on liabilities and the expected return on the pension scheme assets are recognised as financial expense and financial income respectively.

Change in the net commitment recorded as a liability in the statement of financial position

(€ million)	2009	2008
Opening provision at 1 January	56	52
Benefit cost for the financial year	17	19
Utilisations (benefits / contributions paid)	(15)	(18)
Provision charged to (reversed from) equity	4	3
Foreign exchange translation differences and other changes	7	
Closing provision at 31 December	69	56

Projected disbursements for 2010 amount to €2 million.

The following are the cumulative charges/(reversals) in the balance of provisions recognised directly in equity:

(€ million)	2009	2008
Cumulative opening balance of provisions (reversals)	(7)	(11)
Actuarial (gains) / losses for the year	4	3
Foreign exchange translation differences	1	1
Cumulative closing balance of provisions (reversals)	(2)	(7)

Other staff benefits

Description of commitments and actuarial assumptions

Other staff benefits mainly consist of long-service awards to employees working in France. These schemes are not funded by external assets (i.e. insurance policies). The obligations arising from such schemes with defined benefits are measured using the same methods and assumptions as for the defined benefit pension schemes.

The actuarial gains and losses arising from both experience and due to changes in actuarial assumptions are immediately recognised in the consolidated statement of comprehensive income.

Analysis of changes in pension obligations

The amount of the commitment relating to long-service awards amounted to €9 million at 31 December 2009. The cost of services rendered, the amortisation of the cost of past service as well as the actuarial gains and losses are recognised within staff costs and amounted to €1 million in the 2009 financial year.

The reversal of the provision of €1 million represented the benefits paid during 2009.

Trade and other current operating liabilities

(€ million)	At 31 December 2009	At 31 December 2008
Customer deposits and advances received	**30**	20
Trade and other payables	**411**	366
Payable to PPE suppliers	**13**	14
Payables to staff	**321**	176
Payable to central and local government	**51**	109
Deferred income	**144**	119
Others	**86**	80
Total	**1,056**	**884**

6. OTHER COMMITMENTS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND CONTRACTUAL COMMITMENTS

(€ million)	At 31 December 2009	At 31 December 2008
Unutilised credit lines	**71**	70
Guarantees given to secure debt	**407**	347
Guarantees given for operating commitments	**611**	451
Securities provided		
Total commitments made and guarantees given, excluding operating leases	**1,089**	**868**

The future minimum payments on rental contracts break down as follows:

(€ million)	At 31 December 2009	At 31 December 2008
Less than one year	**261**	246
One to five years	**768**	754
More than five years	**293**	307
Total	**1,322**	**1,307**

The table above relates solely to transport equipment, of which €1,030 million is outside France and €292 million is within France. IT equipment rental contracts are in place for immaterial values.

France
Contracts entered into on vehicles (buses and coaches) relate to average durations of 7 to 8 years. The purchase option at the end of the contract is equal to the projected market value at the end of the lease period. Rental payments net of VAT outstanding at 31 December 2009 amount to €292 million.

Most leases are entered into directly by the subsidiaries, with a guarantee given by Keolis SA to the financing bodies to continue the rental instalments in the event of the subsidiary's default or insolvency. In return, the financing body undertakes to make the vehicles available to the Group.

Individual training entitlements are estimated at 2,240,000 hours for all Group employees based in France.

Abroad
We distinguish between railway contracts and bus contracts.

Railway rental contracts
These include especially the costs under the track access agreements with Network Rail for the right to use the British railway network.

Railway rental contracts are entered into for the term of the related franchise contract. They are therefore an integral part of the franchise contracts and, hence, of the economic balance brought via the subsidies granted.

Rents payable within one year amount to €160 million.
Rents outstanding at more than one year depend on the end date of each of the railway franchises, and contribute no material information.

Bus and coach leases
Rental instalments outstanding on these contracts amount to €197 million. As in France, Keolis SA is required to provide guarantees of rental payments on behalf of its foreign subsidiaries.

7. DISPUTES
The estimates and underlying assumptions relating to current disputes are continuously re-examined. In particular, current disputes and litigation, especially with tax administrations or relating to appeals on tenders or on warranty claims, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the value of assets or liabilities.
The impact of changes in accounting estimates is recognised during the period of the change where the change only affects that period, or during the period of the change and subsequent periods where the latter are also affected by such change.

8. RELATED PARTY TRANSACTIONS

Transactions with Kuvera Développement and the SNCF
Keolis SA is 99.78% owned by Kuvera Développement. The transactions with Kuvéra Développement mainly relate to business management services.

Transactions with the SNCF and its subsidiaries are mainly either permanent or occasional passenger transport services. These services represent € 29.6 million and the related receivables at 31 December 2009 amount to €6.3 million.

Transactions with joint ventures and associates
Transactions with joint ventures and associates are performed according to normal market conditions.

Remuneration of the Group's key managers
The key managers in the Group are defined as being the company officers - Keolis group directors and the members of the general management committee. Remunerations and other short-term benefits paid to these directors amounted to €3.6 million in 2009 for a total of 11 people, compared to €3.8 million in 2008 for 12 people.

No directors' fees were allotted to members of the group's management or executive committees.

There are no outstanding advances or credit facilities extended to members of the group's management or executive committees.

Loans garanted to the Group's key managers
At 31 December 2009, no loans had been granted to key managers in the Group.

9. POST BALANCE SHEET EVENTS
A tax audit began in February 2010 and will relate to the 2007 and 2008 financial years. There is no identified risk at this stage.

The Danish tax administration sent to the lessor of our bus fleet a notice claiming the repayment of the VAT collected on the diesel for the period from July 2006 to September 2009 for an amount of €4.5 million (DKK 33.3 million). City-Trafik agreed to pay the lessor in the event of a claim from the tax administration.
Pursuant to the law, the City-Trafik management decided, on behalf of the lessor, to challenge this claim before an administrative court.

10. CONSOLIDATION SCOPE

In 2009, the consolidation scope included the following:

Subsidiaries

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Aérobag	Le Mesnil-Amelot	451 776 702	FC	100.00%
Aerolis	Roissy CDG	501 481 915	FC	50.10%
Aéroport de Troyes Barberey	Barberey-Saint-Sulpice	501 642 722	FC	100.00%
Aérosat	Le Mesnil-Amelot	442 194 932	FC	85.00%
Airelle	Saint-Denis	384 225 389	FC	100.00%
Alphacars	Loches	394 499 628	FC	100.00%
Alphameca	Loches	383 292 613	FC	100.00%
Athis Cars	Athis-Mons	962 201 711	FC	99.45%
Autocars Charrière Fils	Privas	308 851 781	FC	99.50%
Autocars Corre*	Le Mayet-de-Montagne	311 999 148	FC	100.00%
Autocars Delion	Nanterre	339 361 164	FC	100.00%
Autocars Garrel et Navarre	Draveil	380 496 893	FC	100.00%
Autocars Planche	Arnas	403 070 154	FC	100.00%
Autocars Roche*	Chateldon	320 721 905	FC	100.00%
Autocars Valenciennois	Valenciennes	775 627 102	FC	100.00%
Caennaise de Services	Caen	479 872 129	FC	100.00%
Cariane Est	Metz	343 348 694	FC	100.00%
Cariane Littoral	Gravelines	339 590 937	FC	100.00%
Cariane Multinationale International	Paris	422 056 796	FC	100.00%
Cars de Bordeaux	Bordeaux	309 552 578	FC	100.00%
Caron Voyages	Outreau	616 320 354	FC	100.00%
Cars et Autobus de Cassis - SCAC	Roquefort-la-Bédoule	057 808 339	FC	99.98%
Cars Planche	Savigneux	339 821 654	FC	100.00%
Compagnie des Transports Méditerranéens	Cannes la Bocca	695 820 357	FC	99.50%
Compagnie du Blanc Argent	Paris	542 097 720	FC	99.41%
Delion Tourisme	Nanterre	398 660 159	FC	100.00%
Devillairs	Versailles	732 820 717	FC	99.89%
Easybus	Yzeure	441 229 259	FC	100.00%
Entreprise Philippe Détré*	Verderonne	350 850 160	FC	100.00%
Etasse Voyages*	Carentan	338 654 015	FC	100.00%
GIE Centre Cars*	Cusset	977 030 063	FC	100.00%
Gie Orset	Paris	313 607 020	FC	100.00%
Institut Keolis	Paris	482 068 954	FC	100.00%
Interhône-Alpes	Saint-Priest	388 946 659	FC	100.00%
Intrabus Orly	Paray-Vieille-Poste	349 684 753	FC	100.00%
Jobard et Cie	Pontarlier	335 051 074	FC	99.99%
Keolis Abbeville	Grenay	692 000 482	FC	99.02%
Keolis Agen	Bon Encontre	487 875 593	FC	100.00%
Keolis Aix-les-Bains	Aix-Les-Bains	501 785 117	FC	100.00%
Keolis Alençon	Alençon	380 132 167	FC	100.00%
Keolis Angers	St-Barthélémy d'Anjou	317 193 860	FC	100.00%
Keolis Arles	Arles	330 457 706	FC	100.00%
Keolis Armor	Chantepie	321 840 225	FC	99.00%
Keolis Artois	Lens	493 510 093	FC	99.99%

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Keolis Atlantique	Nantes	301 941 332	FC	99.99%
Keolis Auch	Auch	353 848 559	FC	100.00%
Keolis Aude	Narbonne	348 046 210	FC	100.00%
Keolis Bassin de Thau	Montpellier	394 051 965	FC	99.80%
Keolis Besançon	Besançon	572 028 702	FC	99.96%
Keolis Blois	Blois	314 927 500	FC	100.00%
Keolis Bordeaux	Bordeaux	509 752 218	FC	99.98%
Keolis Boulogne-sur-Mer	Outreau	552 048 043	FC	100.00%
Keolis Bourgogne	Dijon	015 450 596	FC	99.00%
Keolis Brest	Brest	314 655 788	FC	100.00%
Keolis Caen	Caen	572 028 660	FC	98.80%
Keolis Cahors	Cahors	389 105 719	FC	100.00%
Keolis Calvados	Mondeville	314 328 006	FC	100.00%
Keolis Camargue	Arles	376 420 030	FC	99.97%
Keolis Centre	Saint-Doulchard	332 454 149	FC	100.00%
Keolis Châlons-en-Champagne	Châlons-en-Champagne	582 022 760	FC	97.20%
Keolis Charente-Maritime	Rochefort	509 352 951	FC	95.14%
Keolis Châteauroux	Châteauroux	401 744 347	FC	100.00%
Keolis Châtellerault	Châtellerault	347 774 879	FC	100.00%
Keolis Cherbourg	Tourlaville	572 028 678	FC	99.85%
Keolis Concarneau	Concarneau	391 617 370	FC	100.00%
Keolis Conseil et Projets	Lyon	441 338 878	FC	100.00%
Keolis Dijon	Chenove	016 450 942	FC	99.16%
Keolis Drôme	Portes-lès-Valence	775 573 074	FC	99.93%
Keolis Drouais	Dreux	501 674 865	FC	100.00%
Keolis Émeraude	Saint-Malo	303 940 340	FC	100.00%
Keolis en Cévennes	Alès	327 948 402	FC	95.10%
Keolis Eure	Évreux	543 650 535	FC	100.00%
Keolis Eure-et-Loire	Dreux	712 950 104	FC	99.78%
Keolis Garonne	Mazères	304 927 320	FC	100.00%
Keolis Gascogne	Saint-Pierre-du-Mont	896 950 243	FC	100.00%
Keolis Gironde*	St-Médard-en-Jalles	462 202 250	FC	100.00%
Keolis Gironde (ex SNCOA)	St-Médard-en-Jalles	322 188 194	FC	100.00%
Keolis Givors	Grigny	329 532 147	FC	100.00%
Keolis Grand Tarbes	Tarbes	393 623 939	FC	100.00%
Keolis la Roche-sur-Yon	La Roche-sur-Yon	382 779 692	FC	100.00%
Keolis Languedoc	Nimes	343 104 444	FC	100.00%
Keolis Laval	Laval	383 943 206	FC	100.00%
Keolis Littoral	Rochefort	339 343 808	FC	100.00%
Keolis Lorient	Lorient	572 028 694	FC	99.93%
Keolis Lyon	Lyon	308 077 635	FC	100.00%
Keolis Manche	Beaumont Hague	575 650 296	FC	100.00%
Keolis Maritime Brest	Brest	383 935 582	FC	100.00%
Keolis Maritime Lorient	Larmor-Plage	501 677 322	FC	99.00%
Keolis Marmande	Marmande	432 545 135	FC	100.00%
Keolis Montargis	Villemandeur	325 600 393	FC	100.00%
Keolis Montélimar	Montélimar	339 893 927	FC	100.00%
Keolis Montluçon	Montluçon	302 453 667	FC	100.00%

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Keolis Morlaix	Saint-Martin-des-Champs	380 331 884	FC	100.00%
Keolis Narbonne	Narbonne	341 649 242	FC	100.00%
Keolis Nevers	Nevers	498 381 581	FC	100.00%
Keolis Oise	Senlis	527 220 982	FC	99.99%
Keolis Pays de Montbéliard	Voujeaucourt	304 953 755	FC	100.00%
Keolis Pays des volcans	Aigueperse	408 366 177	FC	100.00%
Keolis Pays Normands	Carentan	441 288 800	FC	100.00%
Keolis pays Nancéien	Bouxières-aux-Dames	513 010 934	FC	99.99%
Keolis PMR Rhône	Saint-Priest	343 261 590	FC	100.00%
Keolis Provence	Nice	442 140 307	FC	100.00%
Keolis Pyrénées	Ibos	722 780 517	FC	95.16%
Keolis Quimper	Quimper	334 226 974	FC	100.00%
Keolis Rennes	Rennes	340 035 526	FC	99.84%
Keolis Réseau Départemental Sud Oise	Senlis	511 281 479	FC	99.99%
Keolis SA	Paris	552 111 809	FC	100.00%
Keolis Saint Brieuc	Cesson Sévigné	378 424 949	FC	100.00%
Keolis Saint Malo	Saint Malo	490 948 163	FC	100.00%
Keolis Saintes	Saintes	322 214 073	FC	100.00%
Keolis Seine et Eure*	Incarville	380 104 679	FC	100.00%
Keolis Seine-Maritime	Fécamp	345 850 531	FC	100.00%
Keolis Somme	Poix de Picardie	408 578 771	FC	100.00%
Keolis Sud Allier	Cusset	975 720 111	FC	100.00%
KTA	Bellègarde sur Valserine	351 774 625	FC	100.00%
Keolis Tours	Saint-Pierre des Corps	311 567 416	FC	100.00%
Keolis Urbest	Besançon	382 532 349	FC	100.00%
Keolis Val-d'Oise	Bernes-sur-Oise	339 654 147	FC	100.00%
Keolis Val-de-Maine	St Barthélémy d'Anjou	490 838 794	FC	100.00%
Keolis Val-de-Saône	Chalon le royal	328 162 987	FC	99.10%
Keolis Vesoul	Vesoul	449 726 777	FC	100.00%
Keolis Vichy	Cusset	330 940 891	FC	100.00%
Keolis Voyages	Nantes	332 665 421	FC	100.00%
Keolis Yvelines	Versailles	323 161 554	FC	99.90%
Les Cars de Camargue*	Arles	582 001 608	FC	99.04%
Les Cars du Bassin de Thau	Sète	444 312 847	FC	100.00%
Les Cars Roannais	Le Coteau	302 457 262	FC	100.00%
Les Cars Tixier	Saint Eloy Les Mines	301 896 478	FC	100.00%
Les Courriers Catalans	Perpignan	572 033 579	FC	99.99%
Les Courriers de l'Ile-de-France	Le Mesnil-Amelot	562 091 132	FC	99.99%
Les Courriers du Midi	Montpellier	572 047 215	FC	99.99%
Les Courriers Mosellans	Metz	572 042 026	FC	99.99%
Les transports Dunois	Dun Le Palestel	385 247 986	FC	100.00%
Loisirs et Voyages	Ambert	788 118 867	FC	100.00%
Lussiez Tourisme	Hernin	381 219 393	FC	95.04%
Millau Cars	Creissels	327 003 372	FC	99.87%
Monnet Tourisme	St Etienne de St Geoirs	997 655 600	FC	100.00%
Monts Jura Autocars	Besançon	344 148 515	FC	99.99%
Pacific Cars	La Plaine Saint-Denis	542 068 820	FC	100.00%
Prioris	La Plaine Saint-Denis	504 494 139	FC	66.00%

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
S.T.C (Cagnes)	Cagnes-sur-Mer	409 003 977	FC	99.92%
SA Sap Drogoul	Vence	415 750 595	FC	99.16%
SAP Cariane Provence	Vence	415 750 595	FC	99.87%
SCAC Bagnis	Barjols	399 921 428	FC	50.99%
Setver	Draveil	303 494 181	FC	100.00%
SFD	Paris	397 080 037	FC	100.00%
Sivet Voyages*	Peschadoires	381 609 767	FC	100.00%
Société de financement des Transports (Sofitra)	Menigoute	392 150 454	FC	100.00%
Société d'Exploitation des Transports Urbains d'Oyonnax	Oyonnax	450 675 798	FC	100.00%
Société de Construction, d'Exploitation et d'Entretien A 14	Montesson	349 887 117	FC	50.96%
Société de Gestion de l'Aéroport d'Angers-Marcé	Marcé	419 836 432	FC	100.00%
Société Départementale des Transports du Var	Hyères	639 500 602	FC	95.07%
Société de Transports et de Services Aéroportuaires	Saint Denis	333 363 539	FC	100.00%
Société des Transports Automobiles de la Vallée de la Siagne	Cannes	696 620 590	FC	99.20%
Société des Transports Côte d'Azur Rivièra	Opio	415 850 148	FC	99.16%
Société des Transports de la Communauté Urbaine d'Arras	Arras	313 151 110	FC	99.40%
Société des Transports de l'Agglomération Chartraine	Tours	318 547 544	FC	100.00%
Société des Transports en Commun Nîmois	Nîmes	334 172 871	FC	100.00%
Société des Transports Robert	Martigues	329 690 671	FC	99.84%
Société des Transports Urbains Valentinoise	Portes les Valences	309 159 648	FC	99.92%
Société d'exploitation des Cars Coudert	Loches	377 865 191	FC	100.00%
Société d'exploitation de l'Aéroport Albert Picardie	Meaulte	497 767 525	FC	50.94%
Société d'exploitation des établissements Lenegre*	Thuret	397 280 017	FC	100.00%
Société Nouvelle de Transports - Comett	Marseille	692 049 596	FC	100.00%
Société pour la Mobilité à Paris – SOMAP	Paris	450 041 595	FC	100.00%
Société Rennaise de Transport et de Services (Handistar)	Chantepie	421 286 188	FC	100.00%
STA	Mennecy	314 988 619	FC	100.00%
STAC	Creil	696 480 573	FC	99.70%
Stefim	La Plaine Saint-Denis	432 371 235	FC	100.00%
STUV*	Pont-Evêque	399 293 844	FC	50.88%
SVTU	Versailles	778 151 662	FC	100.00%
TDM	Bourges	383 564 044	FC	100.00%
Tixier Voyages*	Saint Eloy Les Mines	332 847 045	FC	100.00%
Tourisme Garage Vermot	Le Russey	380 292 540	FC	99.96%
TPN Voyages	Vichy	321 905 135	FC	100.00%
TPR	Pau	095 680 393	FC	100.00%
Train Bleu St Marcellin	Saint-Marcellin	058 501 909	FC	100.00%
Trans Val de Lys	Comines	468 501 150	FC	99.99%
Transétude	Lyon	300 938 297	FC	100.00%
Transholding	Cusset	441 803 509	FC	100.00%
Transports de la Brière	Saint Nazaire	005 780 390	FC	59.80%
Transports en Commun de la Métropole Lilloise (Transpole)	Marcq-en-Baroeul	552 048 027	FC	99.99%
Transports et Services Aérolignes	Le Mesnil-Amelot	403 485 915	FC	100.00%
Transports Evrard	Creil	696 480 516	FC	100.00%
Transports Gep Vidal	Perpignan	615 650 082	FC	99.98%
Transports Urbains de Reims	Reims	305 022 808	FC	98.48%
Transroissy	Roissy-en-France	385 301 288	FC	100.00%
Transthermal	Bourbon-L'Archambault	308 712 884	FC	100.00%

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Transtub	Paris	393 414 651	FC	99.88%
Var Tours	Cogolin	579 502 014	FC	94.55%
Via Autoroute	Paris	330 667 213	FC	100.00%
Voyages Autocars Services	Romainville	324 973 163	FC	100.00%
Voyages Buchet	Le Côteau	327 529 301	FC	100.00%
Voyages Chargelègue	Menigoute	626 920 185	FC	100.00%
Voyages Dourlens	Bruay-la-Buissière	392 354 304	FC	100.00%
Voyages Monnet	St Etienne de St Geoirs	071 502 827	FC	100.00%
VS Voyages	St Médard en Jalles	380 052 761	FC	100.00%
VTS Roissy	Le Mesnil-Amelot	483 987 913	FC	100.00%
Westeel Voyages	Sallaumines	334 630 076	FC	100.00%
Eurobahn Verkers Services Gmbh	Bielefeld	(Germany)	FC	100.00%
Keolis Deutschland COKG	Mainz	(Germany)	FC	100.00%
Keolis Deutschland Vervaltung	Mainz	(Germany)	FC	100.00%
KDR Victoria Pty Ltd	Melbourne	(Australia)	FC	51.00%
Keolis Australie	Melbourne	(Australia)	FC	100.00%
Autobus De Genval	Rixensart	(Belgium)	FC	70.96%
Autobus Dony	Borgloon	(Belgium)	FC	100.00%
Autobus Dujardin	Tournai	(Belgium)	FC	70.85%
Autobus Lienard	Chimay	(Belgium)	FC	71.19%
Autocars H. Pire Sprl	Nivelles	(Belgium)	FC	70.83%
Autocars Jean Vandermeersch	Huizingen	(Belgium)	FC	100.00%
Belbus	Ixelles	(Belgium)	FC	100.00%
Brussels City Tours	Bruxelles	(Belgium)	FC	35.41%
Bus Immo	Landen	(Belgium)	FC	100.00%
Cardona-Deltenre	Nivelles	(Belgium)	FC	70.95%
Cariane Internationale Développement	Bruxelles	(Belgium)	FC	99.99%
Cintra	Ramillies-Offus	(Belgium)	FC	70.84%
Cintral	Landen	(Belgium)	FC	100.00%
City Liner	Waterloo	(Belgium)	FC	70.67%
Eltebe	Brugge	(Belgium)	FC	100.00%
Eurobus Holding	Vise	(Belgium)	FC	70.84%
Eurobussing Vlaanderen	Vilvoorde	(Belgium)	FC	70.85%
Eurobussing Airport	Vilvoorde	(Belgium)	FC	70.84%
Eurobussing Wallonie	Nivelles	(Belgium)	FC	70.85%
Flanders Bus	Oostende	(Belgium)	FC	100.00%
Flanders Coach Group	Sint-Andries	(Belgium)	FC	100.00%
Garage Du Perron	Petit Rechain	(Belgium)	FC	70.72%
Gino Tours	Jabbeke	(Belgium)	FC	100.00%
Heyerick	Zulte	(Belgium)	FC	100.00%
Keolis Vlaanderen	Genk	(Belgium)	FC	100.00%
L.I.M. Collard-Lambert	Malmedy	(Belgium)	FC	70.83%
Luxbus	Luxembourg	(Belgium)	FC	100.00%
N.V. Autobusbedrijf Bronckaers	Genk	(Belgium)	FC	100.00%
N.V. Autobusbedrijf Bronckaers Hamont	Genk	(Belgium)	FC	100.00%
N.V. Autobussen De Reyes	Mechelen	(Belgium)	FC	100.00%
N.V. Garagebedrijf Bronckaers	Genk	(Belgium)	FC	100.00%
Nv Autobussen Monserez-Verhenne	Marke	(Belgium)	FC	100.00%

Name	Registered office	Siren N°	Method of consolidation	% of shareholding
Nv Autocars Henri De Boeck En Reizen Andre Leloup	Bruxelles	(Belgium)	FC	70.83%
Nv De Boeck Invest	Bruxelles	(Belgium)	FC	70.83%
Ramoudt Tours	Bruges	(Belgium)	FC	100.00%
Reniers & Co		(Belgium)	FC	50.02%
Reizen de Ra		(Belgium)	FC	100.00%
S.A.D.A.R	La Calamine	(Belgium)	FC	70.84%
Sa A.B.C. Cars	Bruxelles	(Belgium)	FC	70.85%
Satracom	Waimes	(Belgium)	FC	70.87%
Sophibus	Philippeville	(Belgium)	FC	70.95%
Sotragaume	Saint Vincent	(Belgium)	FC	70.84%
Sprl Voyages F. Lenoir	La Louvière	(Belgium)	FC	70.95%
Sprl Taxis Melkior	Liège	(Belgium)	FC	70.85%
Sprl Truck Bus Repair (Tbr)	La Louvière	(Belgium)	FC	70.87%
Sprl Voyages Frédéric Lenoir	La Louvière	(Belgium)	FC	70.86%
T.C.M. Cars	Vise	(Belgium)	FC	70.85%
T.S.B.	Mons	(Belgium)	FC	70.96%
Transport Penning	Tintigny	(Belgium)	FC	70.88%
Transports Lambin	Bastogne	(Belgium)	FC	71.07%
Voyages Lambin *	Bastogne	(Belgium)	FC	71.13%
Voyages Nicolay	Erquelinnes	(Belgium)	FC	70.91%
West Belgium Coach Company	Jabbeke	(Belgium)	FC	100.00%
Groupe Orleans Express	Québec	(Canada)	FC	75.00%
Keolis Canada Inc	Montreal	(Canada)	FC	100.00%
City Trafik	Copenhagen	(Denmark)	FC	100.00%
Keolis Espagne	Barcelone	(Spain)	FC	100.00%
Keolis America Inc.	Delaware	(United States)	FC	100.00%
Fjordl Partner AS	Floro	(Norway)	FC	51.00%
Keolis UK	London	(United Kingdom)	FC	100.00%
Busslink	Stockholm	(Sweden)	FC	70.00%
Citypendeln	Stockholm	(Sweden)	FC	100.00%
CSG Commuter Security	Stockholm	(Sweden)	FC	100.00%
Keolis Nordic	Stockholm	(Sweden)	FC	100.00%

Joint Ventures

Name	Registered office	Siren N°.	Method of consolidation	% of shareholding
Compagnie des Transports Collectifs de l'Ouest Parisien	Carrière-sous-Poissy	411 861 834	PC	50.00%
Orgebus	Brétigny sur Orge	382 761 104	PC	49.72%
Société de Transport de l'agglomération de Chauny	Chauny	414 072 462	PC	50.00%
Société d'exploitation de l'Aéroport Clermont Ferrand Auvergne*	Aulnat	499 050 615	PC	49.89%
Société d'Exploitation de l'Aéroport de Chambéry - Aix-les-Bains*	Viviers du Lac	453 630 642	PC	49.89%
Société d'exploitation de l'aéroport de Grenoble Isère (SEAG)*	St Etienne de St Geoirs	450 397 047	PC	49.89%
Société d'exploitation de l'aéroport de Quimper Cornouaille*	Pluguffan	510 607 187	PC	50.00%
Trans Pistes	Vitrolles	434 644 969	PC	40.00%
Transévry	Bondoufle	303 775 175	PC	39.43%
GbR Bietergemeinschaft Rhenus-Keolis und VBE	Extertal	(Germany)	PC	75.00%
Slivia	Montréal	(Canada)	PC	40.00%
Syntus BV	Doetinchem	(Netherlands)	PC	50.00%
First Keolis Holding Limited	London	(United Kingdom)	PC	45.00%
First Keolis Transpennine Holding Limited	London	(United Kingdom)	PC	45.00%
First Keolis Transpennine Limited	London	(United Kingdom)	PC	45.00%
Govia Limited	Newcastle	(United Kingdom)	PC	35.00%
London & Birmingham Railway Limited	Newcastle	(United Kingdom)	PC	35.00%
London & South Eastern Railway Limited	Newcastle	(United Kingdom)	PC	35.00%
New Southern Railway Limited	Newcastle	(United Kingdom)	PC	35.00%
Thameslink Limited	Newcastle	(United Kingdom)	PC	35.00%
Southern Railway Limited	Newcastle	(United Kingdom)	PC	35.00%

Associates

Name	Registered office	Siren N°.	Method of consolidation	% of shareholding
Passerelle CDG	Tremblay en France	501 480 255	EM	34.00%
SCODEC	Cerizay	322 750 415	EM	35.00%
Transports Intercommunaux Centre Essonne (TICE)	Evry	343 077 095	EM	18.75%
NETLOG	Neubranddenburg	(Germany)	EM	33.00%

* : companies deconsolidated as at 31 December 2009

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended December 31, 2009)

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general shareholders' meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Keolis,
- the justification of our assessments,
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in notes 2.2 and 2.3 to the consolidated financial statements which describe the changes in accounting methods applied during the financial year.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters.

As mentioned in the notes to the consolidated financial statements, your company uses estimates to:

- perform impairment test on goodwill and indefinite life assets (notes 2.4, 2.5.3 and 2.5.7),
- assess provisions for pensions and other employee benefits (note 2.4, 2.5.16 and 5.15),
- take into consideration the risks relating to current litigations and to the execution of operating contracts (notes 2.4, 2.5.16 and 5.15).

Based on the information available to date, our work consisted mainly in appreciating data and assumptions related to these estimates and to review management computations. We appreciated the reasonable nature of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group presented in the management report.

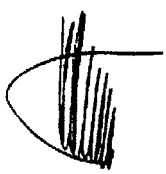
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

French original signed on March 15, 2010 at Neuilly-sur-Seine and Paris-La Défense.

The statutory auditors

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Vincent Gaide



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Philippe Hontarrède

ANNUAL FINANCIAL STATEMENTS

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A. KEOLIS SA
FINANCIAL STATEMENTS

1. COMPANY BALANCE SHEET

ASSETS

At 31 December 2009

CAPITAL ASSETS

	Period 2009			Period 2008
	Gross	Amortisation and depreciation (to deduct)	Net	Net
(in euros)				
Intangible assets				
Preliminary expenses				
Research & Development costs				
Concessions, patents, licences, trademarks processes, rights and similar assets	13,942,857	10,789,788	3,153,069	2,765,975
Goodwill [1]	24,871,229	14,383,452	10,487,777	24,861,777
Intangibles - work in progress	7,225,100		7,225,100	2,455,674
Property, plant and equipment				
Land	5,064,713	1,407,300	3,657,413	3,767,628
Buildings	9,010,158	5,721,594	3,288,564	3,429,710
Facilities, machinery, plant and equipment	2,769,821	1,234,452	1,535,369	1,477,700
Transport equipment	637,543	517,153	120,390	98,420
Others	2,951,002	2,275,911	675,091	638,718
Tangibles - work in progress	3,848,881		3,848,881	2,762,456
Long-term investments [2]				
Shareholdings	388,985,938	77,764,487	311,221,451	309,513,608
Receivables from shareholdings	111,778,037	22,270,417	89,507,620	71,564,201
Other long-term investments	178,376	71,637	106,739	106,739
Loans	982,292	37,686	944,605	1,008,193
Others	876,173		876,173	774,974
Total I	573,122,119	136,473,877	436,648,242	425,225,772

ASSETS

At 31 December 2009

CURRENT ASSETS

	Period 2009			Period 2008
	Gross	Amortisation and depreciation (to deduct)	Net	Net
(in euros)				
Inventory and work in progress				
Services in progress				
Advances and down payments on orders				
Trade receivables [3]				
Trade notes and accounts receivable	**44,764,600**	**961,209**	**43,803,391**	30,809,665
Others	**6,939,192**	**23,154**	**6,916,038**	4,230,035
Other receivables [3]	141,560,832	36,081,793	105,479,039	127,842,082
Subscribed called non paid-up capital				
Short term investments:				
Treasury shares				
Other securities	**126,031,007**	**30**	**126,030,978**	80,259,566
Cash	**6,186,787**		**6,186,787**	
ACCRUALS				
Prepaid expenses [3]	**267,290**		**267,290**	796,586
Total II	**325,749,708**	**37,066,186**	**288,683,522**	**243,937,934**
Expenses capitalised, to be amortised (III)				
Bond discounts to be amortised (IV)				
Unrealised losses on foreign exchange transactions (V)	7,129,887		7,129,887	8,847,059
GRAND TOTAL (I+II+III+IV+V)	**906,001,714**	**173,540,063**	**732,461,651**	**678,010,764**
(1) Including lease renewal				
(2) Including under one year			**2,478,594**	1,578,688
(3) Including over one year				

LIABILITIES

At 31 December 2009

EQUITY

	Period 2009	Period 2008
	Net	Net
(in euros)		
Capital (including €46,851,276.00 paid-up)	**46,851,276**	46,851,276
Share/merger premium		3,563,363
Revaluation reserves	**1,845,363**	1,845,363
Reserves:		
Legal reserve	**4,685,128**	4,685,128
Others	**255,627**	655,416
Retained earnings brought forward		70,707
Net income/(loss) of period	**19,126,756**	46,331,263
Investment grants		
Regulated provisions	**789,713**	577,195
Total I	**73,553,864**	**104,579,711**
CONTINGENCY AND LOSS PROVISIONS (II)	34,212,905	16,467,670

LIABILITIES

At 31 December 2009

LIABILITIES [1]

(in euros)	Period 2009 Net	Period 2008 Net
Financial liabilities		
Convertible bond issues		
Other bond issues		
Bank borrowings [2]	**116,912,521**	123,111,348
Other borrowings and debts [3]	**49,918,978**	15,456,544
Customer advances		
Trade & operating payables		
Trade notes and accounts payable	**16,554,190**	17,847,580
Taxes payable, liabilities to personnel	**42,794,853**	38,487,917
Others	**3,073,993**	1,329,924
Other liabilities		
Fixed asset liabilities and related accounts	**1,163,527**	190,550
Taxes payable (corporate income tax)	**133,789**	133,789
Others	**388,697,890**	353,995,358

ACCRUALS [1]

Deferred income		
Total III	**619,249,740**	**550,553,010**
Unrealised gains on foreign exchange transactions (IV)	**5,445,143**	6,410,374
Grand total (I+II+III+IV)	**732,461,651**	**678,010,764**
(1) Including over one year	**129,255,348**	95,456,545
Including under one year.	**489,994,392**	455,096,465
(2) Including cash credits & bank accounts in credit	**36,486,455**	41,045,989
(3) Including equity loans		

INCOME STATEMENT

	At 31 December 2009	(12 months)	Period 2008 (12 months)
(in euros)			
Operating income			
Sales of goods			
Sales of manufactured products and service sales		**149,235,172**	131,686,007
◆ Sales	**149,235,172**		
Net revenue		149,235,172	131,686,007
Production held as inventory			181,254
Capitalised production		**899,471**	
Reversals of depreciation and provisions		**919,784**	1,879,265
Operating grants			
Expense transfers		**3,709,552**	7,227,423
Other operating income		**185,768**	6,371,424
◆ Income from sales of transport equipment			
◆ Other	**185,768**		
Total operating income		**154,949,747**	**147,345,373**
OPERATING EXPENSES			
COGS (Cost of goods sold) in period			
◆ Stock purchases			
◆ Change in inventory of goods			
External purchases and charges		**39,585,767**	39,852,118
◆ Inventory purchases			
◆ Change in inventory purchases			
◆ Non-inventory purchases of materials and supplies	**889,979**		
◆ External services:			
- External personnel	**7,906,916**		
- Leasing expenses			
- Leasehold expenses	**45,950**		
- Other	**30,742,923**		
Taxes and similar payments		**7,122,542**	6,507,668
◆ On remunerations	**4,304,078**		
◆ Other	**2,818,464**		
Payroll expenses		**101,972,236**	92,523,604
◆ Wages and salaries	**70,075,822**		
◆ Welfare contributions	**31,896,415**		
Charges for depreciation and provisions		**3,614,133**	2,920,852
◆ On capital/fixed assets:			
- Depreciation expense	**2,648,242**		
- Charge to provisions			
◆ On current assets: charge to provisions	**242,762**		
◆ Contingency and loss provision: charge to provision	**723,129**		
Other operating expenses		**7,666,402**	2,013,540
◆ Net carrying amount of transport equipment sold			
◆ Other	**7,666,402**		
Total operating expenses		**159,961,080**	**143,817,782**
OPERATING PROFIT (LOSS)		(5,011,333)	3,527,590
Net gains (losses) from joint ventures		**13,986,951**	21,672,928
OPERATING PROFIT AFTER SHARE OF INCOME (LOSS) FROM JOINT VENTURES		8,975,618	25,200,518

	At 31 December 2009		Period 2008
		(12 months)	(12 months)
Financial income		103,379,939	119,580,021
From shareholdings	55,430,131		
Other marketable securities and receivables from capitalised assets			
Other similar interests and income	9,452,304		
Reversal of provisions and financial expense transfers	28,263,089		
Foreign exchange gains	9,349,377		
Net gains on sales of marketable securities	885,038		
Total financial income		103,379,939	119,580,02
Financial expenses			
Charges for depreciation and provisions	62,232,252		
Interests and similar expenses	9,996,603		
Foreign exchange losses	5,575,371		
Net expenses on sales of marketable securities			
Total financial expenses		77,804,225	93,759,136
FINANCIAL INCOME/(LOSS)		25,575,714	25,820,885
PROFIT BEFORE TAX		34,551,331	51,021,403
Exceptional gains			
In operations			
On equity transactions:		6,527,545	2,980,112
◆ Income from sales of assets	6,402,185		
◆ Other	125,360		
Reversal of provisions charged and exceptional expense transfers		2,091,150	3,760,661
Reversal of provisions for tax		176,973	
Total exceptional gains		8,795,669	6,740,772
Exceptional losses			
In operations		1,880,494	3,015,083
On equity transactions:		6,569,990	5,233,803
◆ Carrying amount of capitalised items and financial items sold	6,569,990		
Charges for depreciation and provisions		15,746,109	1,510,988
◆ Charge to regulated provisions	212,519		
◆ Charge to depreciation and other provisions	15,533,590		
◆ Charge to tax provisions			
Total exceptional losses		24,196,593	9,759,875
EXCEPTIONAL INCOME (LOSS)		(15,400,924)	(3,019,103)
Employee profit-sharing		(48,482)	287,973
Corporate income tax		72,133	1,383,064
NET INCOME (LOSS)		19,126,756	46,331,263

B. NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2009

NOTE 1. HIGHLIGHTS OF THE FINANCIAL YEAR

The Keolis group reinforced its international development both through acquisitions to supplement existing operations (Canada and Belgium) and through bids on new territories (operation of the Melbourne tramway in Australia) as well as its maintenance of its primary position in France in the passenger transport sector in city and intercity networks.

International:

- Canada: Groupe Orléans Express acquired in September 2009 certain assets of the Gaudreault group.
- Belgium: Keolis Vlaanderen acquired 100% of the Flanders Coach group on 1 September 2009.
- Australia: Keolis won the bid for the operation of the Melbourne tramway system.
- Germany: launch of the Maas - Rhein - Lippe contract on 13 December 2009 (rail franchise).
- United States: Keolis was selected in November 2009 as operator of Virginia Railway Express in Washington DC.
- England: Keolis with its partner Go-Ahead was reselected to operate the Southern rail franchise for a period of 5 years and 10 months from September 2009.

In France:

On 1 May 2009, the Keolis Group began the operation of the Bordeaux urban network for which the contract had been granted in 2008. This contract generated revenue of €92 million in 2009.

On 11 February the Group acquired the Alphacars group which represents annual revenue of €6.6 million.

On 14 May, the Keolis subsidiary KPN began the management of the suburban network of the city of Nancy, won following a bid.

On 1 April, Keolis acquired majority control of Aérolis, a company created in partnership with Air France to develop and run the Cars Air France lines.

Lastly, Keolis divested itself of its investments in the operation of four airport companies (Quimper, Clermont Ferrand, SEAG and SEACA).

NOTE 2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

The general accounting principles were applied in observance of the prudence (or conservatism) concept, in accordance with the following basic assumptions:

- continuity concept (the going concern assumption),
- consistency of accounting methods from one period to the next,
- independence of financial years and observance of the general rules governing the preparation and presentation of annual financial statements laid down by the French *Plan Comptable Général* (general chart of accounts).

The main methods used are described below:

Non current intangible and tangible assets are measured either at their acquisition cost or, when produced, at the cost of production or at their carrying amount re-measured under the statutory methods.

Intangible assets

Concessions, patents, licences, brands or trademarks, processes, rights and similar assets

This item mainly covers the cost of acquired IT software, which is amortised on a straight line basis over a 3 year period for IT projects and 1 year for office software programs.

CWIP (construction work in progress) includes expenditure on implementing the new financial information system, and thus includes all expenses that may directly relate to it and are necessary to create, produce and prepare the asset so that it is able to operate in the manner intended by management.

Goodwill

Negative goodwill, consisting of unrealised capital gains on contributed assets, net of unrecognised liabilities (deferred tax), is not amortised.

On the reporting date, an impairment loss is recognised when the acquisition value of a business is higher than its value in use determined on the basis of a range of valuation methods (Discounted Cash Flow, Multiples, Revalued Net Position). The business is grouped with other assets to determine its value in use in the context of the impairment test.

Property, plant and equipment
Items of property, plant and equipment are measured at their cost of acquisition (purchase price plus incidental costs) or cost of production.

The depreciable lives and depreciation methods are as follows:

Buildings	15 to 20 years	Straight line
Machinery and equipment	5 to 10 years	Straight line
Office equipment and furniture	5 to 10 years	Straight line
Vehicles:		
Coaches and buses	12 years	Straight line
Light vehicles.	5 years	Straight line

Non-current financial assets
Shareholdings and other investments recognised as capital assets
Shareholdings are recognised at their acquisition price including acquisition costs.
At the year end, an impairment loss is recognised when the value in use measured on the basis of a range of valuation methods (Discounted Cash Flow, Multiples, Revalued Net Position), is lower than the acquisition value of an investment.

Receivables from shareholdings and current accounts
Receivables relating to shareholdings and current accounts are recognised at their nominal value.
Where the shareholding securities are totally impaired and the net position of the subsidiary is negative, an impairment loss is recognised for the entirety of the receivables relating to shareholdings and current accounts due to the risk of loss of these receivables in the event of the disposal or discontinuance of the subsidiaries' activity.

Marketable securities held for trading
These are recognised at acquisition cost and adjusted, where applicable, by a value impairment for each line of securities of the same type, in order to align their value with the average stock-market price for the latest month, or with their probable traded value in the case of unlisted securities. The market value of marketable securities held for trading at 31 December 2009 amounted to €126,060,000.

Other operating income
For disposals of transport equipment, the net carrying amount of the vehicles and their sale prices on disposal are recognised in the income statement under Other operating expenses and Income respectively.

Results of companies in which Keolis has a non-controlling interest
Results of companies in which Keolis has an equity interest are recognised under "Net gains/(losses) from joint ventures".

Current assets
Receivables and payables
Receivables and payables are measured at their nominal value. For receivables, a value impairment provision is set aside when the realisable value falls below the carrying amount. Foreign currency receivables and payables are converted at the rate prevailing at the year end date, the difference arising from the translation is recognised under "Unrealised gains/losses on foreign exchange transactions". Unrealised foreign exchange losses are covered by a provision for risks, while unrealised foreign exchange gains are not recognised in the income statement.

Foreign currency bank accounts kept in domestic currency
"Foreign currency bank accounts" and "Foreign currency current accounts" record transactions in euros, on the basis of the daily exchange rate. At the year end date, the foreign currency balance is measured as per article 342-7 of the PCG (French General Chart of Accounts), according to the latest spot exchange rate, and any exchange differences arising are recorded in foreign exchange losses and/or gains accounts.

Contingent liability provisions
Long service awards
In accordance with CNC recommendation 2003-R-01 dated 1 April 2003, a provision for long service awards is recognised in the company's financial statements; this covers the cost of probable payment thereof to employees in the company. As for severance pay, this provision is funded in proportion to the employee's length of service, factoring in the probability of such employees serving for the period required to receive the award (more particularly factoring in staff turnover and mortality tables).

Provisions for disputes
Provisions for disputes cover all risks and losses regarded as probable in relation to all types of lawsuits encountered by Keolis S.A. in the conduct of its business. Measurement of these provisions requires an estimate to be made as stated in Note 3 below.

Provisions for subsidiary risks
Where the subsidiaries' situation is likely to require Keolis S.A. to increase its commitment beyond the capital and advances given, a provision for the contingent loss is made.

Retirement benefit commitments
Keolis SA's retirement benefit commitments are stated in the notes to the financial statements, and are determined using the projected credit unit method, in accordance with CNC recommendation 2003-R-01 and IAS 19. These commitments are measured on the basis of pension entitlements, as a proportion of length of service at the measurement date to the total length of service at the time of retirement. In determining the commitments, account is taken of length of service, life expectancy, the staff turnover rate as well as assumptions for revaluation and discounting. The main assumptions adopted are described in note 17.

NOTE 3. ESTIMATES MADE IN PREPARING THE ANNUAL FINANCIAL STATEMENTS

In drawing up the annual financial statements, the management of Keolis SA may need to make estimates and adopt assumptions affecting the book value of assets and liabilities, income and expenses, and information relating to unrealised assets and liabilities. Actual future results may differ appreciably from those estimates.
The underlying assumptions and estimates are made on the basis of past experience and other factors regarded as reasonable with regard to the circumstances. Those estimates and assumptions also provide the basis for exercising judgement when determining the carrying amounts of assets and liabilities that cannot be directly obtained from other sources. The true values may differ from the estimates.
Underlying assumptions and estimates are continuously re-examined. In particular, the current disputes and litigation, especially with the tax authorities or those relating to appeals on tenders (Eiffage), warranties and guarantees (Eurolines) or disputes with employees have been examined by the management with its advisers or lawyers for the purpose of assessing the risk they entail to the measured value of assets or liabilities.
The impact of changes in accounting estimates is recognised during the period of the change where they only affect that period, or during the period of the change and subsequent periods where the latter are also affected by the change.

NOTE 4. FINANCIAL INSTRUMENTS

At the year end date, unrealised gains are not recognised. Unrealised losses are recognised except when they relate to instruments subscribed in either of the two following cases:
- hedging underlying assets recognised in the balance sheet that have not been revalued,
- hedging future financial flows expected in a forthcoming financial year, under the principle of their being related to the financial year concerned.

At settlement, the gains received and losses disbursed are recognised in the profit or loss account at the same time as the expenses and income of the hedged element.

All hedging transactions, whether on interest rate, foreign exchange or commodities risks, are conducted with first class bank counterparties. Consequently, the counterparty risk can be regarded as negligible.

Interest-rate risk
There was no interest rate hedge outstanding at 31 December 2009.

Foreign exchange risk
Foreign exchange financial instruments are used in two instances:

1. Keolis holds derivatives to hedge against foreign exchange risk eligible for designation as Cash Flow Hedges.

Keolis processes foreign exchange transactions aimed at hedging against an unfavourable EUR/GBP exchange rate in particular.

Open hedging positions at 31 December 2009 were as follows:

GBP HEDGE	At 31 December 2009
Nominal (GBP thousand)	
Forward sales	4,500
Purchases of put options	1,600
Sales of call options to put in place symmetrical tunnels	1,600
Sales of call options to put in place asymmetrical tunnels	500
Purchases of naked calls	

The global market value of the portfolio at 31 December 2009 was an asset of €148,000, the P&L impact is nil due to the transfer of impacts by Non Deliverable Forwards to Kuvera Développement.

2. The exchange risk on currency intercompany loans of significant amounts is also hedged in order to lock the exchange rate on them.

These loans are revalued at the year end at the rate prevailing at year end. Any positive or negative differences on revaluation are recognised under financial income/expense. The corresponding change in value of the hedging instruments subscribed to hedge those intercompany loans is also recognised under financial income/expense.

Hedges of intercompany loans at 31 December 2009 include:
- forward sales for a nominal total of 18.1 million AUD, maturing in 2010,
- forward purchases for a nominal total of 14.3 million GBP, maturing in 2010.

Hedging instruments are firm futures and options. The hedging instruments used are standard and liquid, namely:
- forwards (purchases and sales),
- currency swaps,
- plain-vanilla calls,
- a combination of puts and calls to provide symmetrical or asymmetrical collars,
- barrier interest rate options limited to 20% of the underlying exposure.

Naked option puts are authorised only to unwind existing option call positions.

Raw-materials risk

In connection with its activity, the Group needs to purchase sizeable quantities of fuel.

The energy price risk is hedged using price indexation clauses in the contracts signed with their clients by KEOLIS and its subsidiaries. For about half of its purchases, the group bears the risk until the increases are passed on to its customers. This usually takes between a few months or twenty-four months at most. A hedging policy was instituted in 2005 to cover this temporary exposure. Management's objective is to defend the prices indexed under the contracts.

Hedging instruments are firm futures and options.

The group hedges the raw materials risk using standard and liquid hedging instruments, namely:
- swaps,
- plain-vanilla calls,
- a combination of puts and calls to provide symmetrical or asymmetrical collars,
- barrier interest rate options limited to 20% of the underlying exposure.

Naked option puts are authorised only to unwind existing option call positions.

Open hedging positions at 31 December 2009 were as follows:
- swaps for a nominal volume of 20,100 metric tonnes, of which 19,800 mature in 2010 and 300 tonnes mature in 2011,
- purchase of call options for a nominal volume of 14,350 tonnes, of which 14,050 mature in 2010 and 300 in 2011,
- sale of put options for a nominal volume of 20,350 tonnes, of which 19,950 mature in 2010 and 400 in 2011,
- purchase of put options for a nominal volume of 1,200 tonnes which mature in 2010.

NOTE 5. FINANCIAL INCOME AND EXPENSES

(€ thousand)

The main items under this heading are:	
- income from shareholdings	55,430
- provisions charged, net of reversals	(33,969)
- net interest on current accounts	2,675
- results on foreign exchange and raw material hedging transactions	(2 404)
- interest on borrowings	(1,166)
- foreign exchange gains/losses	3,774
- gains on disposals of marketable securities	885
- Other	351

NOTE 6. NON-RECURRING INCOME AND EXPENSES

(€ thousand)

This heading mainly includes:	
- provisions charged, net of reversal*:	(13,478)
- employee-related expenditure:	(1,264)
- income or losses from disposals and scraping of fixed assets land and buildings:	379
- income or losses from sales of equity investments:	(546)
- warranties and guarantees:	(335)
- tax/welfare penalties	(254)
- Other	97

(*) of which (14,374) impairment of goodwill relates to Keolis Allier.

NOTE 7. CORPORATE INCOME TAX

Corporate income tax for the year breaks down as follows:

(€ thousand)	Income (loss) before tax	Tax due	Net income (loss)
Current	34,551	(72)	34,479
Exceptional items	(15,401)		(15,401)
Profit-sharing	48		48
Total	**19,198**	**(72)**	**19,126**

The Company is consolidated for tax purposes in the group headed by Kuvera Développement; the tax expense and payments are determined on the basis that would have prevailed in the absence of tax consolidation.

The tax consolidation agreement requires the parent to return to the subsidiaries tax savings gained from the use of their losses, recognised in income, as soon as the subsidiaries start generating profits.

NOTE 8. STATEMENT OF CAPITAL ASSETS

(€ thousand)	Gross value at beginning of period	Increases	Decreases	Gross value at end of period
Intangible assets				
Research & Development costs				
Concessions, patents, licences and similar rights	11,912	2,031		13,943
Leasehold				
Goodwill	24,871			24,871
Intangibles - work in progress	2,456	4,769		7,225
Property, plant and equipment				
Land	5,139	231	305	5,065
Buildings	10,746	879	2,615	9,010
Transport equipment	637			637
Other tangible capital assets	5,131	614	23	5,722
Tangibles - work in progress	2,763	5,406	4,320	3,849
Non-current financial assets				
Shareholdings	379,263	11,663	1,940	388,986
Receivables from shareholdings	93,503	35,434	17,159	111,778
Other long-term investments	178			178
Loans	1,046		64	982
Other financial assets	775	108	7	876
Total	**538,420**	**61,135**	**26,433**	**573,122**

Goodwill:
Goodwill is comprised mostly of goodwill resulting from technical losses on the merger of Keolis Allier for 17,005 and companies of the Ernest Planche group for 7,807.

Transportation equipment:
Investments in road passenger vehicles are made by group subsidiaries or financial institutions.

Shareholdings:
The main increases during the year arise from purchases, company creations, share exchanges and capital increases (€ thousand):

- Les Courriers Mosellans: €2,900 K,
- Pacific Cars: €1,500 K,
- Alphacars: €1,445 K,
- Keolis Canada: €1,347 K,
- Keolis Manche: €1,355 K€,
- S.E.A.G.: €1,200 K.

The main decreases of the year arise from disposals, liquidations, cancellation of earn out (€ thousand):

- S.E.A.G.: €1,213 K,
- City Trafik: €604 K.

NOTE 9. STATEMENT OF DEPRECIATION AND AMORTISATION OF CAPITAL ASSETS

(€ thousand)	Depreciation at beginning of period	Increases	Decreases	Depreciation at end of period
Intangible assets				
Preliminary expenses				
Concessions, patents, licences and similar rights	9,146	1,644		10,790
Goodwill	9			9
Property, plant and equipment				
Land developments	1,275	79		1,354
Buildings	7,283	430	1,992	5,721
Facilities, machinery, plant and equipment	974	281	20	1,235
Transport equipment	486	31		517
Other capital assets	2,093	183		2 276
Total	**21,266**	**2 648**	**2,012**	**21,902**

NOTE 10. STATEMENT OF PROVISIONS

(€ thousand)	Amount at beginning of period	Increases	Decreases	Amount at end of period
REGULATED PROVISIONS	577	213		790
PROVISIONS FOR CONTINGENCIES AND LOSSES	16,468	23,587	5,842	34,213
Including provision for long-service awards	266	93	41	318
Including provision for subsidiary risk	6,199	19 892		26,091
Including provision for disputes	7,273	1,790	3,071	5,992
Including provision for foreign exchange losses	2,730	1,812	2,730	1,812
ASSET IMPAIRMENT				
Goodwill		14,374		14,374
Land	130		76	54
Shareholdings	69,749	21,037	13,022	77,764
Loans and other financial assets	22,049	1,264	933	22,380
Trade notes and accounts receivable	903	58		961
Other receivables	29,272	18,411	11,578	36,105
Total	**139,148**	**78,944**	**31,451**	**186,641**

Provisions for contingencies and losses:
All of the reversed provisions for contingencies and losses were utilised.

Impairment of goodwill:
Based on the impairment test as described in Note 2, a goodwill impairment of €14,374 K relating to Keolis Allier was recognised as an exceptional loss in the period.

Impairment of shareholdings:
The main increases during the financial year (€ thousand):
- Transport Brière: €914 K,
- Pacific Cars: €1,500 K,
- Alphacars: €1,445 K.
- Transports Evrard: €5,240 K,
- Keolis Manche : €1,051 K,
- Les Courriers Catalans : €1,432 K,
- Sofotra : €4,106 K,
- Voyages Autocars Services: €2,109 K.

The main decreases during the financial year (€ thousand):
- Keolis Centre: €933 K,
- Keolis Eure: €1,411 K,
- Keolis Gironde: €859 K,
- Les Courriers du Midi: €5,024 K,
- Cars Planche: €816 K,
- Keolis Seine Maritime: €1,948 K.

NOTE 11. RECEIVABLES AND PAYABLES MATURITY TABLE

RECEIVABLES	Gross amount	Less than one year	More than one year
(€ thousand)			
CAPITAL ASSETS			
Receivables from shareholdings	111,778	2,480	109,298
Loans	982		982
Other financial assets	876		876
CURRENT ASSETS			
Trade and other accounts receivable (1)	44,765	44,765	
Other receivables (2)	148,500	148,500	
Prepaid expenses	267	267	
Total	**307,168**	**196,012**	**111,156**

(1) Trade and other accounts receivable include €22,274 K of accrued invoices.
(2) Other receivables include in particular €122,053 K of short term current account deposits and cash-pooling of subsidiaries and €16,328 K of income due from shareholdings.

LIABILITIES	Gross amount	Less than one year	Between one and five years	More than five year
(€ thousand)				
Other bonds and borrowings from lending institutions (1)	116,912	36,912	80,000	
Miscellaneous borrowings and financial debt	49,919	664		49,255
Trade and other accounts payable	16,554	16,554		
Tax and welfare payables	42,929	42,929		
Other payables (2)	392,936	392,936		
Total	**619,250**	**489,995**	**80,000**	**49,255**

(1) Including €36,486 K of bank balances in credit.
(2) Other payables include €382,115 K of short-term current account deposits and cash-pooling received from subsidiaries, and €2,369 K of income payable to shareholdings.

NOTE 12. ITEMS RELATING TO ASSOCIATES

	Amount at 31/12/2009
(€ thousand)	
ASSETS	
Shareholdings	388,986
Receivables from shareholdings	111,778
Trade and other accounts receivable	40,299
Other operating receivables	142,267
LIABILITIES	
Miscellaneous borrowings and financial debt	49 829
Trade and other accounts payable	3,722
Debt on long-term assets	13
Other operating payables	385,433
FINANCIAL INCOME	
Revenue from capital equity investments	55,430
Rebilled bank commissions	598
Repayment in better circumstances	579
Interest on current accounts	6,566
FINANCIAL EXPENSES	
Interest on current accounts	3,891

NOTE 13. EQUITY

	Amount at 31/12/2008	Dividends 2009	Profit (loss) 31/12/2009	Others changes	Amount at 31/12/2009
(€ thousand)					
Capital	46,851				46,851
Share/merger premium	3,563	(3,563)			
Revaluation reserves	1,845				1,845
Legal reserve	4,685				4,685
Other reserves	655	(400)			255
Retained earnings brought forward	71	(71)			
Profit for the year	46,331	(46,331)	19,127		19,127
Regulated provisions	577			212	789
Total	**104,578**	**(50,365)**	**19,127**	**212**	**73,552**
Dividends paid out		50,365			50,365

Capital

At 31 December 2009, registered capital amounted to 46,851,276 euros, divided into 3,904,273 shares, each with a nominal value of 12 euros.

Increases and decreases in future tax liability

The following are the bases for deferred taxation:
(€ thousand)

Deferred tax asset basis
Expenses for the year not deducted for tax purposes: 3,553.
Future period income taxed during the financial year: 5,664.

Deferred tax liabilities basis
Future period expenses deducted during the financial year: 7,130.

NOTE 14. ACCRUED EXPENSES, ACCRUED INCOME AND ACCRUAL/ADJUSTMENT ACCOUNTS

(€ thousand)	
Accrued expenses	
Accrued interest on advances and current accounts	1,689
Accrued supplier invoices	9,897
Tax and welfare payables	29,119
Accrued interest - cash	373
Credits to be issued	2,234
	43,312
Accrued income	
Accrued interest on advances and current accounts	3,872
Dividends receivable	1,190
Accrued customer invoices	22,274
Credits to be received	884
	28,220
Prepaid expenses	
Prepaid operating expenses	267
	267

NOTE 15. TRANSFERRED CHARGES

(€ thousand)	
Restructuring expenses	1,266
Insurance payouts	1,619
Refunds relating to personnel expenses	133
Refunds to training tax collection agency	691
	3,709

NOTE 16. BORROWINGS

(€ thousand)	
OTHER BOND ISSUES AND BORROWINGS FROM CREDIT INSTITUTIONS	
They break down as follows (in € thousand):	
- Borrowings from lending institutions	80,000
- Bank balances in credit	36,486
- Accrued interest on borrowings and other financial liabilities	130
- Result of diesel swap settlement	296
Total	**116,912**

(€ thousand)	
MISCELLANEOUS BORROWINGS AND FINANCIAL LIABILITIES	
This item includes (in € thousand)	
- Subsidiaries' advances on current account	49,499
- Deposits received on property rentals	355
- Other financial liabilities	65
Total	**49,919**

NOTE 17. OFF-BALANCE SHEET COMMITMENTS

Lease commitments

Recognition under fixed assets and depreciation of items financed through leasing would have resulted in the following values at 31 December 2009:

BALANCE SHEET ITEMS	Leased capital assets			
		Depreciation		
	Capitalized cost	in period	cumulative	Net value
(€ thousand)				
Land	278			278
Buildings	1,517	101	1,284	233
Transport equipment	176		176	
Total	**1,971**	**101**	**1,460**	**511**

The commitments at 31 December 2009 are as follows:

BALANCE SHEET ITEMS	Leasing commitments						
	Leasing payments made		Leasing payments remaining				Residual purchase price
	In period	cumulative	up to +1 year	+1 to 5 years	over 5 years	Total payable	
(€ thousand)							
Land - buildings	171	528	171	214		385	1
Total	**171**	**528**	**171**	**214**		**385**	**1**

Contractual obligations

(€ thousand)

All operating leases relating to vehicles (buses and coaches) are entered into for average terms of 8 years; in the vast majority of cases, the residual value is the market value projected to the end of the rental period. Outstanding leasing payments net of VAT at 31 December 2009 totalled €291,799.

- Less than one year: 57,782,
- from 1 to 5 years: 180,418,
- over 5 years: 53,599.

Most of these contracts are subscribed by the subsidiaries. KEOLIS SA gives the financing institutions an undertaking to continue the leasing, in other words pay leasing instalments in the event of default by or insolvency of the subsidiary. In return, the financing institution undertakes to maintain the availability to the group of the corresponding vehicles.

Other financial commitments

Bank guarantees (deposits and guarantees): €76.1 million.
Parent-company guarantee: €324.0 million.

The debt refinancing agreements concluded on 24 May 2007, amended on 4 June 2009 entailed the pledging of the shares held by Keolis SA in its subsidiary, Keolis UK. Under the said agreement, two financial ratios must be met (leverage ratio and net interest cover ratio). At 31 December 2009 this was the case.

Unutilised credit lines at 31 December 2009 totalled €70 million, available for use by Keolis and Kuvera Développement.

Individual training entitlements

The estimated cumulative number of hours of training vested in employees for purposes of the DIF (Individual Training Entitlement) amounted to 85,472 hours on 31 December 2009.
83,531 hours of training had not been applied for as of 31 December 2009.

Other commitments

Remittals of debt granted to subsidiaries
Debt remittals with a clause for repayment in better circumstances amount to €7,763,000.

Retirement benefit commitments
Retirement benefit commitments amount to €3,984,000, calculated using the method described in note 2.
The following assumptions were made to calculate the said retirement benefits:
Discount rate: 4.75 %
Expected long term inflation rate: 2.00 %.
Rate of pay increases: this is differentiated by age bracket and occupational category.
Welfare contributions rate: by occupational category.
Retirement mode: on the employee's initiative
Retirement age: from 61 to 65, according to date of birth and employee status.

NOTE 18. STAFFING LEVELS

The average annual staffing level breaks down as follows:

	31/12/2009	31/12/2008
Executives/managerial	931	828
Supervisory and technical	141	115
Clerical	50	32
Total	**1,122**	**975**

NOTE 19. SENIOR MANAGEMENT COMPENSATION

No directors' fees are awarded to members of the group's senior management or executive bodies.

Compensation of members of the senior management bodies
No compensation was paid to members of the senior management bodies during the 2009 financial year.

NOTE 20. POST-BALANCE SHEET EVENTS

A tax audit of the 2007 and 2008 financial years began in February 2010.

NOTE 21. CONSOLIDATING ENTITY

The company prepares its own consolidated financial statements. Furthermore, it is fully consolidated in the financial statements of Kuvera Développement, 9 rue de Caumartin 75009 Paris.

C. INFORMATION ABOUT SUBSIDIARIES AND NON-CONSOLIDATED INVESTMENTS (position at 31 December 2009)

NOTE 1 - DETAILS OF SHAREHOLDINGS WITH A CARRYING VALUE EXCEEDING 1% OF THE CAPITAL OF THE COMPANY REQUIRED TO DECLARE THE SIGNIFICANT SHAREHOLDING

A - Subsidiaries (in which the company holds at least 50% of the capital)

COMPANIES OR GROUPS OF COMPANIES	Equity		% of capital held	Gross Value of securities held	Net carrying amount of securities held	Loans and advances given by the company and not repaid	Amount of deposits and guarantees provided by the company	Revenues for the period ended on 31/12/08 Excl. VAT	Net profit or loss (-) for the period ended on 31/12/08	Dividends collected by the company during the period
	Share capital at 31 December 2008	Other equity								
(in € thousand)										
1) FRENCH SUBSIDIARIES										
Cariane Multimodale International 9, rue de Caumartin - 75009 Paris	37	66	100.00%	1,246	1,246	1,957		0	-145	
Keolis Garonne ZI de Bonzom - 09270 Mazères	38	750	100.00%	1,608	1,608			3,270	104	226
Keolis Vichy Boulevard Alsace Lorraine - 03300 Cusset	300	290	100.00%	660	660			2,980	-276	
Keolis Aude 1, place Davilla - 11000 Carcassonne	168	203	100.00%	1,242	0	2,512		6,531	-899	
Keolis Narbonne Avenue du Champs-de-Mars - 11000 Narbonne	8	19	100.00%	8	0	72		1,910	-170	
Keolis Provence 59, rue de la Buffa - 06000 Nice	8	-1 145	100.00%	8	0	1,341		162	-165	
Keolis Camargue 14, boulevard Georges-Clémenceau - 13200 Arles	48	431	99.97%	2,889	2,889	169		2,975	3	
Keolis Arles Boulevard Clémenceau - 13200 Arles	40	-166	100.00%	38	0	430		3,060	-132	
Caennaise de Services 15, rue de la Geôle - 14000 Caen	8	1	100.00%	8	8			856	-94	2
Keolis Calvados 19, chemin de Courcelle - 14128 Mondeville	84	67	100.00%	135	135			27,010	966	1,060
Keolis Pays Normands ZI la Madeleine, rue de l'Ile-du-Marais - 50500 Carentan	422	- 133	100.00%	1,118	39	341		2,263	-241	
Keolis Saintes Rue des Perches ZI Charriers - 17100 Saintes	8	1	100.00%	7	7			1,817	-74	23
Keolis Saint Brieuc Rue des Clôtures - 22004 Saint-Brieuc	40	5	100.00%	38	38			-9	-90	5

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(in € thousand)										
Keolis Pays Montbéliard CD 126 La Chamotte - 25420 Voujeaucourt	80	12	100.00%	76	76			15,426	58	155
Keolis Montélimar 8, rue de la Feuillade - 26200 Montélimar	38	11	100.00%	38	38			1,807	-73	28
Cie des Transports de l'Agglo. Chartraine 57, rue de la Beauce - 28111 Luce	20	3	100.00%	18	18	563		45	-96	
Keolis Concarneau ZA de Keramperu - 29900 Concarneau	8	2	100.00%	80	80			1,545	-79	18
Keolis Quimper 1, Rond Point de Quistinidal 29000 Quimper	40	6	100.00%	38	38			9,362	-35	63
Keolis Brest 7, rue Ferdinand-de-Lesseps - 29806 Brest	176	46	100.00%	168	168			34,589	-9	88
Keolis Morlaix ZI de Kérivin - 29600 St-Martin-des-Champs	38	5	100.00%	38	38			1,655	-75	20
Keolis Maritime Brest 1, rue Éperon port de Commerce - 29200 Brest	8	1	100.00%	8	0			610	-86	10
Keolis Auch 7, place de la Libération - 32000 Auch	8	7	100.00%	11	11			1,368	-80	17
Cars du Bassin de Thau 21, av. de la Méditerranée - Lieudit Étang d'Ingril - 34110 Frontignan-La Peyrade	8	184	100.00%	8	8			4,231	125	300
Keolis Émeraude Rue des Rougeries ZI Sud - 35400 Saint-Malo	339	73	100.00%	345	345	336		10,865	122	226
Sté Rennaise de Transports & Services Handistar 44, rue Bignon - 35135 Chantepie	15	5	100.00%	15	15			2,737	-89	10
Keolis Saint Malo 88, rue de Hulotais - 35400 Saint-Malo	10	-141	100.00%	10	0			6,459	-133	
Keolis Châteauroux 6, allée de la Garenne - 36000 Châteauroux	8	1	100.00%	8	8			3,781	-66	30
Alphacars (*) Tivoli - 37600 Loches	61	98	100.00%	1,445	0	837		1,366	-1	
Voyages Monnet Route de Grenoble - 38590 St-Étienne-de-St-Geoirs	40	558	100.00%	2,008	1,367	489		3,215	-582	
Keolis Blois 9, rue Alexandre Vezin - 41000 Blois	16	8	100.00%	15	15			8,198	1	97
Les Cars Roannais ZI les Guérins - 42120 Le Coteau	156	37	100.00%	374	374			2,748	3	
Cars Planche 10, boulevard Duguet - 42600 Savigneux	94	419	100.00%	874	816			1,392	-4	93
Keolis Cahors 127, rue Léon Gambetta - 46000 Cahors	8	1	100.00%	8	8			1,566	-74	22
Keolis Agen Rue Georges-Clémenceau - 47240 Bon Encontre	10	1	100.00%	10	10			3,186	-64	32
Keolis Marmande 9, rue de Caumartin - 75009 Paris	8	1	100.00%	8	8	5		365	-88	9

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Keolis Val de Maine Rue du Bois-Rinier - 49124 Saint-Barthélémy-d'Anjou	10	-2	100.00%	10	0			1,107	-95	
Sté de Gestion de l'Aéroport d'Angers Marcé Aéroport d'Angers-Marcé - 49140 Marcé	8	1	100.00%	8	8			1,683	-84	12
Keolis Manche La Fosse-Yvon - 50440 Beaumont-Hague	75	-99	100.00%	2,731	304	471		6,118	-827	
Keolis Laval Rue Henry-Batard - 53009 Laval	8	1	100.00%	8	8			7,619	-52	44
Les Courriers Mosellans 5, rue de l'Abbé-Grégoire - 57050 Metz	172	-622	99.97%	3,893	3,893	1,054		23,943	-1,513	
Keolis Nevers 120, rue de Marzy - 58000 Nevers	8	0	100.00%	8	8			5,600	-89	7
Keolis Alençon 20, rue Ampère - 61000 Alençon	38	61	100.00%	38	38			2,343	-82	13
Keolis Artois 124, rue Émile-Zola - 62300 Lens	908	216	99.99%	677	677			43,688	266	363
Caron Voyages 19, rue Cassin ZI Resurgat 3 - 62230 Outreau	77	9	100.00%	382	0	634		3,533	-189	
Voyages Dourlens 55, rue du Docteur-Dourlens - 62700 Bruay-La-Buissière	40	5	100.00%	350	350	191		1,880	7	103
Westeel Voyages 2, rue F.-Jiolat - 62430 Sallaumines	1,260	-34	100.00%	3,455	128			10,434	-161	
Loisirs et Voyages 22, rue de l'Industrie - 63600 Ambert	914	386	100.00%	4,254	4,254			10,460	150	146
Keolis Grand Tarbes Rue Jean-Loup-Chrétien - 65000 Tarbes	40	4	100.00%	608	608			4,171	-60	35
Autocars Planche Rue du Champ-du-Garet - 69400 Arnas	5,000	2,709	100.00%	6,567	6,567			15,678	1,720	1,813
Interhône Alpes 31, rue Jean-Zay - 69802 Saint Priest	40	5	100.00%	38	38			8,902	546	643
Sté pour la Mobilité à Paris 48, rue Gabriel-Lamé - 75012 Paris	37	113	100.00%	37	0			11,422	-27	
Institut Keolis 9, rue Caumartin - 75009 Paris	37	5	100.00%	37	37			7,281	1,703	1,798
Airelle 2, place Londres, Roissypole - 93000 Tremblay-en-France	6,108	-3,656	100.00%	6,117	0	2,013		5,936	-1,751	
Keolis La Roche-sur-Yon 173, bd du Maréchal-Leclerc - 85000 La Roche-sur-Yon	8	23	100.00%	8	8			6,531	-57	39
Keolis Chatellerault 103, rue de Pleumartin - 86103 Chatellereault	40	5	100.00%	38	38			3,499	-85	13
Autocars Garrel et Navarre 19, rue Charles-Mory - 91210 Draveil	47	2,392	100.00%	5,783	5,783	103		8,170	542	
Sté d'Exploitat. Transp. de Voyageurs Evry-Ris Z.I. La Matinière - rue du Canal Prolongé - 91000 Bondoufle	50	15	100.00%	1,982	1,053	55		221	2	100
Sté & Exp. Francilienne Inter Modalité 20, rue du Bailly - 93210 Saint-Denis-la-Plaine	40	6	100.00%	40	40	712		3,449	1,,112	1,200
Autocars Delion 12, rue Jean-Perrin - 92000 Nanterre	482	221	100.00%	2,557	2,557			5,743	53	126

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(in € thousand)										
Sté des Transports et de Serv. Aéroportuaires 11, rue des Deux-Sœurs - 95702 Roissy	150	114	100.00%	98	98	1		10,245	247	350
Transports Services Aérolignes 34, rue de Guivry - 77990 Le Mesnil-Amelot	8	1	100.00%	8	8			7,713	-132	
Aérobag 2, place Londres, Roissypole - 93000 Tremblay-en-France	8	-36	100.00%	8	0	927		4,388	-263	
Transétude 20, rue de la Villette - 69003 Lyon	300	89	100.00%	393	393			902	-71	58
Keolis Conseils & Projets 9, rue Caumartin - 75009 Paris	8	1	100.00%	8	8	4		1,761	30	127
Via Autoroute 9, rue Caumartin - 75009 Paris	150	12	100.00%	152	152			0	-90	
Keolis Lyon 19, boulevard Vivier-Merle - 69003 Lyon	2,960	-9,122	100.00%	3,011	0			301,000	-114	
Les Courriers du Midi 9, rue de l'Abrivado - 34048 Montpellier	3,450	-283	100.00%	5,117	5,117			15,026	-653	
Les Courriers Catalans 2, boulevard Saint-Assiscle - 66027 Perpignan	2,160	-765	100.00%	3,401	0	596		9,684	-444	
S.N.T. Comett 3, boulevard Ampère - 13333 Marseille	2,325	-5,927	100.00%	5,810	0	4 153		502	-436	
Transpole 908, avenue de la République - 59700 Marcq-en-Baroeul	703	-46	99.99%	1,200	1,200	59,092		231,300	46	0
Keolis Boulogne-sur-Mer 19, rue Cassin Resurgat 3 - 62230 Outreau	168	88	100.00%	368	0			11,439	-42	
Transports GEP Vidal 7, rue Jean-Perrin - 66000 Perpignan	86	243	99.98%	1,100	1,100	313		4,027	-6	194
Keolis Tours Rue de Florence - 37702 Saint-Pierre-des-Corps	80	13	100.00%	76	76	247		28,539	149	245
Keolis Littoral 2 rue du Pont-Neuf - 17300 Rochefort	30	17	100.00%	28	28	1,027		9,387	366	462
Les Courriers de l'Ile de France 34, rue de Guivry - 77980 Le Mesnil-Amelot	344	7,539	99.99%	560	560	6,718		47,479	1,759	1,847
Keolis Montargis 16, rue de la Baraudière - 45700 Villemandeur	16	2	100.00%	15	15			3,432	-38	59
Keolis Angers Rue du Bois-Rinier - 49124 Saint-Barthélémy-d'Anjou	16	2	100.00%	15	15			40,023	302	398
Sté des Transports Urbains Valentinois 143, rue de la Forêt - 26000 Valence	80	-37	99.92%	77	77			-405	-100	
Keolis Cherbourg 491, rue de la Chasse-aux-Loups - 50110 Tourlaville	77	30	99.85%	83	0			8,040	-65	33
Sté Transports Robert 31, avenue José-Nobre - BP 57 - 13500 Martigues	38	-651	99.84%	821	821	1,528		6,380	287	
Keolis Rennes Rue Jean Marie-Huchet - 35040 Rennes	40	14	99.84%	38	38			80,802	363	460

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Sté des Transports en Commun Nîmois 388, rue Robert-Bompard - 30000 Nîmes	40	50	100.00%	380	380			39,206	-9	133
Keolis Oise 21, avenue Felix-Louat - 60300 Senlis	910	-200	99.99%	4,027	4,027	528		12,566	-163	
STCU Arras Rue Mongolfier ZI Est - 62000 Arras	40	28	99.40%	127	0			6,703	-75	21
Cie Transports Méditerranéens Avenue des Cormorans - 06210 Mandelieu-La-Napoule	198	-5,795	99.50%	2,181	0	6,579		2,854	-413	
Keolis Abbeville Boulevard de la Fosse 11 - bat G8 - 62160 Grenay	162	47	99.02%	186	186			2,179	-63	35
Keolis Dijon 21300 Chenove	46	8	99.17%	254	254			47,151	-28	71
Keolis Caen 15, rue de la Geôle - 14000 Caen	60	1,009	98.80%	121	121			41,150	-33	
Transports Urbains de Reims 2, rue Gaston-Boyer - 51100 Reims	340	808	98.49%	2,881	1,175			294	699	788
Keolis Châlons-en-Champagne Chemin des Grèves - 51000 Châlons-en-Champagne	40	65	97.12%	753	753			5,562	277	365
Keolis En Cévennes 389, chemin du Viget - 30100 Alès	16	-339	95.10%	14	14			5,272	-84	
Sté Départale des Transports du Var 43, rue Alphonse-Denis - 83400 Hyères	1,344	3,222	95.07%	5 303	5,273	6		18,649	643	706
Aerosat 2, place Londres, Roissypole - 93000 Tremblay-en-France	50	9	85.00%	43	43			8,807	1,372	1,250
Trans Val de Lys 48, rue de Wervicq - 59560 Comines	1,101	-402	99.99%	2,027	2,027			17,262	763	
Sté Constr. Exploit. Entret. A14 Route de Sartrouville - 78363 Montesson	40	4	50.96%	20	15			0	-108	
Sté des Transp. De l'Agglo. de Chauny Avenue Jean Jaurès - 02300 Chauny	8	97	50.00%	4	4			815	38	19
S.E.A.G. Grenoble St-Geoir Aéroport de Grenoble St-Geoirs - 35890 Saint-Étienne de-Geoirs	50	-1,140	50.00%	13	0	152		10,590	-780	
SEACA Aéroport de Chambéry Aéroport de Chambéry - 73420 Viviers-du-Lac	50	-50	50.00%	1	0	53		6,740	-70	
Cie des Transports Collectifs de l'Ouest Parisien 18, rue de la Senette - 78755 Carrières-sous-Poissy	40	200	50.00%	20	20	2		14,770	2,690	1,348
Keolis Armor 26, rue du Bignon - 35135 Chantepie	1,472	4,068	100.00%	10,877	10,877			28,083	1,462	1,215
Monts Jura Autocars SA 4, rue Berthelot - 25000 Besançon	1,920	1,026	100.00%	9,786	7,772			23,416	678	840
Athis Cars SA 172, avenue F.-Mitterrand - 91200 Athis-Mons	230	1,281	99.45%	5,594	5,594	2,908		16,603	645	742
Keolis Seine-Maritime 55/57, le Nid de Verdier - 76400 Fécamp	185	2,656	100.00%	5,631	1,948			12,208	-1,179	
Keolis Atlantique 3, rue de la Garde - ZI Bois Briand - 44300 Nantes	992	1,464	99.99%	8,842	8,842	2,468		28,985	1,647	1,798

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Keolis Bourgogne 17, rue du Bailly - 21000 Dijon	153	1,336	99.00%	1,917	1,917			9,984	-327	
Cariane Drôme 462, avenue Victor-Hugo - 26000 Valence	331	352	99.93%	1,448	1,448			9,385	245	366
Keolis Pyrénées 19, avenue du Paradis - 65100 Lourdes	1,367	408	95.16%	2,626	2,626	175		9,756	627	667
Millau Cars SA 85, avenue Jean-Jaurès - 12100 Millau	45	-532	99.87%	20	0	1,240		2,292	-342	
Sté Autocars de Provence Le Verger - Chemin de Caillols - 13320 Bouc-Bel-Air	46	95	99.87%	840	840	449		4,883	252	346
SCAC SA RN 559 - Quartier Rouvière - 13830 Roquefort-la-Bedoule	1,049	179	99.98%	1,493	1,493	920		8,420	-338	
Keolis Bassin de Thau 9, rue de l'Abrivado - 34048 Montpellier	38	-912	99.80%	38	0	739		4,041	-92	
TPR SARL 4, rue Lapouble - 64000 Pau	57	128	100.00%	1,785	1,785			2,616	334	429
Transports de la Brière SA 7, rue Pierre-Vergniaud - 44600 Saint-Nazaire	92	955	59.80%	1,221	84			2,960	-3	11
Transtub SA 9, rue Caumartin - 75009 Paris	38	338	99.88%	38	38			0	-65	300
S.F.D. SA 53, av. Jean-Jaurès - 63200 Mozac	0	0	100.00%	1,184	572			0	-96	20
Keolis Voyages 3, rue de la Garde Zone de Bois Briand - 44300 Nantes	8	19	100.00%	7	7			3,291	-73	
KTA Rue Louis-Armand - ZI Arlod - 01200 Bellegarde-sur-Valserine	150	-656	100.00%	119	0	1,443		2,409	-538	
Intrabus EURL 81 bis, route de Fontainebleau - 91550 Fontainebleau	8	41	100.00%	485	0	1,798		7,406	-154	
STA SARL 110, route Nationale 191 - 91540 Mennecy	40	2,721	100.00%	2,742	2,742	4,190		7,012	-654	
Train Bleu SARL 14 bis, place de la Gare - 38160 St-Marcellin	16	-321	100.00%	335	0	479		1,399	-89	
Cie du Blanc Argent SA 27, rue de Richelieu - 75001 Paris	279	205	99.41%	4,139	4,139			6,073	1,176	1,284
Keolis Centre 11, route de Bourges - 18220 Les-Aix-d'Angillon	832	14	100.00%	933	933	592		13,127	27	111
Cariane Est 13 bis, rue Raymond-Poincaré - 54000 Nancy	75	7	100.00%	76	0	3,389		12,396	-989	
Keolis Languedoc 927, avenue Jolio-Curie - 30000 Nîmes	90	184	100.00%	899	899	202		8,117	200	296
Cariane Littoral 10/12 rue, d'Admsterdam - 62100 Calais	150	-1468	100.00%	152	0	2,277		5,678	-432	
Keolis Somme 41, rue Jules-Barni - 80000 Amiens	8	0	100.00%	8	0	506		2,573	-44	52
Keolis Val d'Oise 1, chemin Pavé - 95340 Bernes-sur-Oise	128	373	100.00%	130	130	613		3,709	-60	34

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Transroissy SNC 11, rue des Deux-Sœurs - 95702 Roissy CDG	8	0	100.00%	8	8	295		10,630	518	613
SVTU SA 12, avenue du Général-de-Gaulle - 78000 Versailles	680	3,319	100.00%	2,960	2,960	4,707		26,167	766	859
Pacific Cars Avenue du Président Wilson - 93210 La Plaine-Saint-Denis	156	562	99.55%	4,581	0	1,895		3,901	-1,014	
Sté d'Expl. des Transp. Urb. d'Oyonnax Place Vaillant Couturier - 01100 Oyonnax	8	0	100.00%	8	8			1,149	-77	19
SCI St Nicolas 55/57, le Nid de Verdier - 76400 Fécamp	37	0	95.83%	196	196			9	9	
SCI Héron Verdier 55/57, Le Nid de Verdier - 76400 Fécamp	2	0	95.83%	228	228			69	69	
Cars Valenciennois SA 36, rue ErnestMacarez - 59300 Valenciennes	165	1 195	96.00%	3,222	3,222			4,500	570	549
Keolis Eure 2, rue Lakanal - 27031 Évreux	467	490	100.00%	1,555	1,555	1,297		11,388	-99	
Keolis Yvelines 12, avenue du Général-de-Gaulle - 78000 Versailles	135	448	100.00%	737	737	1,342		6,787	46	139
Keolis Eure et Loire Les Fenots - 28100 Dreux	538	254	99.78%	2,350	2,350			8,127	68	161
Keolis Montluçon Rue des Canaris - 03100 Montluçon	16	5	100.00%	15	0	192		4,936	-194	
Keolis Sud Allier 14, boulevard Alsace-Lorraine - 03300 Cusset	325	2,886	100.00%	3,088	3,088	710		10,068	3,596	3,690
Autocars Charrière Fils Chemin des Grads, ZI du Lac - 07000 Privas	39	-5	99.50%	2,059	1,380			3,801	11	84
Keolis Besançon 46, rue de Trey - 25002 Besançon	91	14	99.96%	89	89			29,719	26	125
Keolis Bordeaux 8, rue d'Artagnan - 33000 Bordeaux	300	0	99.98%	300	0			0	-2	
Keolis Lorient Boulevard Yves-Demaine - 56323 Lorient	89	30	99.93%	163	0			25,124	-75	22
Transports Evrard 304, avenue du Tremblay - 60100 Creil	40	1,630	100.00%	7,171	1,931	3,336		10,560	-360	922
Keolis PMR Rhône 31, rue Jean Zay - 69802 Saint-Priest	8	0	100.00%	8	0	8		2,575	-236	
Keolis Aix Les Bains 1700, boulevard Lepic - 73100 Aix-les-Bains	10	0	100.00%	10	0	1,174		3,575	-346	
Val Trans Services Roissy Rue des Acacias - 77990 Le Mesnil-Amelot	37	229	100.00%	660	660			560	57	
Société de Financement des Transports 20, Grand Rue - 79340 Menigoute	112	205	100.00%	4,106	0	936		2,028	254	245
Voyages Autocars Services 52, rue Jean-Lemoine - 93230 Romainville	152	844	100.00%	2,109	0	2,196		5,225	-713	

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Prioris 1 à 3, avenue François-Mitterand - 93200 La Plaine-Saint-Denis	37	0	66.00%	25	0	990		2,414	-321	
SNC Orset 9, rue Caumartin - 75009 Paris	1	0	100.00%	1	0	344		0	-112	
Keolis Maritime Lorient 1, rue Yves-Montand - 56260 Larmor-Plage	10	0	99.00%	10	10			1,642	-36	
Société de gestion de l'Aéroport de Troyes en Champagne RN 19 -10600 Barberey-Saint-Sulpice	10	0	50.00%	10	10	46		829	13	12
Société d'Exploitation de l'Aéroport Albert-Picardie Rue Henri Potez - 80300 Meaulte	50	8	50.94%	26	26	298		874	100	51
Keolis Urbest 4, rue Berthelot - 25000 Besançon	640	117	100.00%	801	801			1,342	139	200
Société Automobile de Provence 12, place du Grand-Jardin - 06140 Vence	220	31	99.17%	1,982	1,982	55		4,961	293	208
Keolis Drouais Les Fenots - 28100 Dreux	10	0	100.00%	10	10			2,907	15	10
Les Cars de Bordeaux 6, quai de la Souys - 33000 Bordeaux	264	604	100.00%	379	379	127		4,556	85	89
Keolis Gironde ZA les Artigons Issac - 33160 Saint-Médard-en-Jalles	353	1,923	100.00%	6,658	6,658			8,880	855	
Keolis Gascogne Route de Saint-Sever - Saint-Pierre-du-Mont - 40000 Mont-de-Marsan	135	630	100.00%	594	594			5,855	204	
Keolis Val de Saône 30, rue de Guerlande Zone Verte - 71880 Chatenay-le-Royal	8	-322	100.00%	60	0	442		9,964	-237	
Aerolis 45, rue de Paris - 93290 Tremblay-en-France	40	0	50.10%	71	71	1,550		13,607	-1,280	
(*) position at 31 August 2009, ALPHACARS year end date for equity, revenues and net earnings.										
2) FOREIGN SUBSIDIARIES										
Keolis Nordic C/o Advokatfirman Vinge KB - Box 1703 - 111 87 Stockholm - Sweden	100 SEK	29,427 SEK	100.00%	7,215	7,215			8,135 SEK	-18,929 SEK	
Generale de transporte y de industria S.A. Via Augusta, 291 - 08017 Barcelona - Spain	4,508	-1,075	100.00%	20,445	3,402				13	
Keolis Canada inc 1, place Ville Marie H3B 4M7 - Montréal - Canada	29,569 CAD	-20 CAD	100.00%	20,892	20,892			CAD	-9 CAD	
G.T.I. United Kingdom 55, Colmore Row - Birmingham - B3 2AS - England	2,000 GBP	-13,040 GBP	100.00%	3,059	3,059			1,770 GBP	16,706 GBP	19,271
City Trafik 2/4, Thorvald Borgs Gade - 2300 Copenhagen - Denmark	24,857 DKK	-73,689 DKK	100.00%	15,033	15,033	12,867		551,026 DKK	154 DKK	
Keolis Deutschalnd Gmbh & Co. KG Rheinstrasse 4E - 55116 MAINTZ, Germany	51	-4,730	100.00%	736	736			79,000	2,509	

COMPANIES OR GROUPS OF COMPANIES	Equity		% of capital held	Gross Value of securities held	Net carrying amount of securities held	Loans and advances given by the company and not repaid	Amount of deposits and guarantees provided by the company	Revenues for the period ended on 31/12/08 Excl. VAT	Net profit or loss (-) for the period ended on 31/12/08	Dividends collected by the company during the period
	Share capital at 31 December 2008	Other equity								
(in € thousand)										
Keolis Deutschland Verwaltungsgesellschaft Gmbh Zoobogen Hardenbergplatz 2 - 10623 Berlin, Germany	26	-15	100.00%	26	14	4,545			-1	
Luxbus 10, rue Nicolas-Adames - L 1114 Luxembourg	35,905	-19	100.00%	44,234	44,234				-3	
Eurobus Vlaanderen Oosterring 17 - 3600 Genk, Belgium	7,349	1,167	100.00%	22,708	22,708			2,475	-1	
Keolis America c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County 19901 Delaware, USA	25 USD	-13	100.00%	17	17			USD	-1,193 USD	
Keolis Tramway d'Alger 2, impasse Bossuet, Alger, Algeria	20,000,000 DZD		100.00%	198	198	610		1st financial year		
Eurobus Holding SA 62, avenue de Navagne - 4600 Vise	25,000	24,620	70.83%	45,739	45,739	240		4,929	137	

B - NON CONSOLIDATED INVESTMENTS
(in which the company holds not less than 10% and not more than 50% of the capital)

COMPANIES OR GROUPS OF COMPANIES	Equity		% of capital held	Gross value of securities held	Net carrying amount of securities held	Loans and advances given by the company and not repaid	Amount of deposits & guarantees provided by the company	Revenues for the period ended 31/12/08 Excl. VAT	Net profit or loss (-) for the period ended 21/12/08	Dividends collected by the company during the period
	Share capital at 31 December 2008	Other equity								
(In € thousand)										
1) FRENCH SUBSIDIARIES										
T.I.C.E 352, rue des Champs-Elysées - 91026 Evry	182	6,668	18.75%	35	35			27,027	-461	
Scodec Voyages SCOP La Tuilerie du Vignault - 79140 Cerisay	2	661	35.00%	80	74	93		2,475	52	20

NOTE 2 - OVERALL INFORMATION CONCERNING OTHER SUBSIDIARIES OR NON-CONSOLIDATED INVESTMENTS

COMPANIES OR GROUPS OF COMPANIES	Equity at 31/12/09		% of capital held	Gross value of securities held	Net carrying amount of securities held	Loans and advances given by the company and not repaid	Amount of deposits & guarantees provided by the company	Revenues for the period ended on 31/12/08 Excl. VAT	Net profit or loss (-) for the period ended 21/12/08	Dividends collected by the company during the period
	Share capital	Other equity								
(In € thousand)										
1) FRENCH SUBSIDIARIES NOT LISTED IN THE PREVIOUS PARAGRAPH										
Aggregate information				2,849	2,666					1
2) FOREIGN SUBSIDIARIES NOT LISTED IN THE PREVIOUS PARAGRAPH										
Aggregate information				1,126	1,092					111

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your general annual shareholders' meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying annual financial statements of Keolis,
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As mentioned in notes 2 and 3 to the annual financial statements, your company made some estimates to:

- measure the value in use of financial investments, related receivables and current accounts,actuelle des fonds commerciaux correspondant aux malis techniques de confusion,
- measure the fair value of goodwill resulting from technical losses on mergers,
- take into consideration the risks relating to current litigations.

Based on the information available to date, our work consisted mainly in appreciating data and assumptions related to these estimates and to review management computations. We appreciated the reasonable nature of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of board of directors' and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management's report.

French original signed on March 15, 2010 at Neuilly-sur-Seine and Paris-La Défense.

The statutory auditors

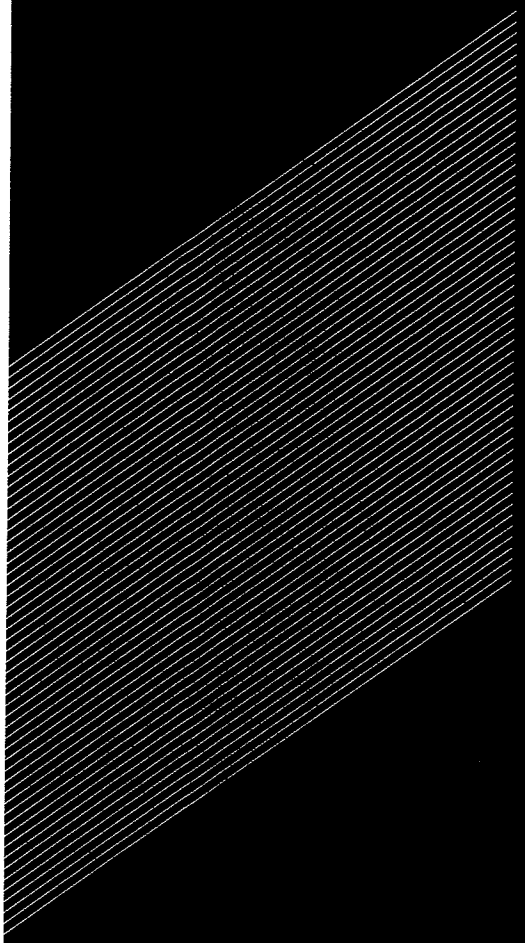
PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Vincent Gaide

Nathalie Cordebar

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex

Philippe Hontarrède



Keolis

Moving further together

Communications Department, 9 rue de Caumartin 75320 PARIS Cedex 9 - France - Tel. : +33 (0) 7[illegible] 18 00 00 - **www.keolis.com** -**Design and production:** [illegible] (RAKF009)

U.S. Dollar Converted Financial Statements Summary (Keolis)

Agreed-Upon Procedure Relating to the Balance Sheets and Income Statements of Keolis SA

December 31, 2011, 2010 and 2009

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McLean, Koehler, Sparks & Hammond
Certified Public Accountants Business Consultants

Independent Accountant's Report on Applying Agreed-Upon Procedure

Keolis America, Inc.
Rockville, Maryland

We have performed the procedure below, which was agreed to by Keolis America, Inc. solely to assist you with respect to converting the balance sheets and income statements of Keolis SA, as of December 31, 2009, 2010 and 2011, and for the years then ended, from Euros to U.S. Dollars, in order for you to submit these converted statements to Massachusetts Bay Transportation Authority to comply with the requirements of the Request for Qualifications for Commuter Rail Procurement. The statements as provided to us are not presented in accordance with U.S. generally accepted accounting principles ("GAAP") and we will not present them in accordance with GAAP. Keolis America, Inc.'s management provided us with these financial statements for this procedure. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

Our procedure and finding are detailed on the attached page two.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Keolis America, Inc. and Massachusetts Bay Transportation Authority and is not intended to be and should not be used by anyone other than those specified parties.

McLean, Koehler, Sparks & Hammond

July 20, 2012
Frederick, Maryland

70 Thomas Johnson Drive, Suite 100
Frederick, Maryland 21702-4317, USA
301.662.2400 Fax: 301.695.7913
www.mksh.com • E-mail: info@mksh.com

Agreed Upon Procedure

We will show a presentation of the balance sheets and income statements in U.S. Dollars as of December 31, 2009, 2010 and 2011, and for the years then ended, which converts Euros to U.S. Dollars for Keolis SA. The presentation of the financial statements will be in the format they were received. There will be no note disclosures included as part of this presentation.

Finding

We were provided with the Keolis SA balance sheets and income statements in Euros, as of December 31, 2009, 2010 and 2011, and for the years then ended. The financial statements were provided by Keolis America, Inc., as agreed upon. We converted the balance sheets and income statements received from Euros to U.S. Dollars for each of the periods. A spot currency rate for conversion of the balance sheet amounts and an annual average currency rate for the conversion of the income statement amounts were used for this procedure. In addition, the converted amount of share capital presented in the initial year (2009 for this procedure) remained the same amount for the subsequent two years presented, as the actual share capital in Euros remained unchanged. Differences due to currency conversion are presented as "cumulative translation adjustment" on the balance sheets.

During this procedure we noted that the financial statements provided to us did not foot properly due to rounding. We did not correct this in the amounts used in the conversion.

We did not perform any procedures to gain assurance about the accuracy of the financial statements. We did not complete any procedures to determine if these statements are in accordance with generally accepted accounting principles in the United States.

Keolis SA
Company Balance Sheet
December 31, 2011

Keolis SA Audited
Financial Statement
12/31/2011
Euro

	Gross	Depreciation - Provision	Net
ASSETS			
Intangible assets			
Preliminary expenses	€ -	€ -	€ -
Development costs	-	-	-
Concessions, patents and related rights	29,242,020	16,305,749	12,936,271
Goodwill	24,871,229	17,015,018	7,856,211
Other intangible assets	6,929,221	-	6,929,221
Advances, down payments for intangible assets	-	-	-
Property, plant and equipment			
Land	7,826,450	1,510,399	6,316,051
Buildings	8,984,803	5,418,951	3,565,852
Technical facilities, equipment, machinery	4,214,954	2,439,826	1,775,128
Other property, plant and equipment	3,862,075	2,805,598	1,056,477
PPE under construction	12,472,483	-	12,472,483
Advances and down payments	-	-	-
Non-current financial assets (1)			
Shareholdings under the equity method	-	-	-
Other shareholdings	499,729,536	85,201,877	414,527,659
Receivables from shareholdings	136,978,223	23,332,014	113,646,209
Other long-term investments	188,361	-	188,361
Loans	981,212	42,340	938,872
Other non-current financial assets	937,151	-	937,151
Total capital assets (I)	**737,217,719**	**154,071,773**	**583,145,946**
Inventories and work in progress			
Raw materials, supplies	-	-	-
Production in progress (goods)	-	-	-
Production in progress (services)	-	-	-
Semi-finished and finished goods	-	-	-
Goods	1,473	-	1,473
Advances and down payments on orders			
Trade Receivables			
Trade receivables and accounts receivable	31,707,730	342,301	31,365,429
Other receivables	109,235,867	34,752,422	74,483,445
Subscribed called non paid-up capital	-	-	-
Miscellaneous			
Marketable securities held for trading	58,897,818	30	58,897,788
Cash	47,702,344	-	47,702,344
Accruals			
Prepaid expenses	260,876	-	260,876
Total current assets (II)	**247,806,107**	**35,094,753**	**212,711,354**
Unrealized losses on foreign exchange transactions (III)	4,681,985	-	4,681,985
Total assets (I to III)	€ **989,705,811**	€ **189,166,526**	€ **800,539,285**
(1) Including under one year			1,645,147

Estimated Converted
12/31/2011
U.S. $

Gross	Depreciation - Provision	Net
$ -	$ -	$ -
-	-	-
37,865,492	21,114,314	16,751,177
32,205,754	22,032,747	10,173,008
8,972,648	-	8,972,648
-	-	-
10,134,470	1,955,816	8,178,654
11,634,421	7,017,000	4,617,422
5,457,944	3,159,331	2,298,613
5,001,001	3,632,969	1,368,032
16,150,618	-	16,150,618
-	-	-
-	-	-
647,099,776	110,327,911	536,771,866
177,373,101	30,212,625	147,160,476
243,909	-	243,909
1,270,571	54,826	1,215,745
1,213,517	-	1,213,517
954,623,223	**199,507,538**	**755,115,685**
-	-	-
-	-	-
-	-	-
-	-	-
1,907	-	1,907
41,058,340	443,246	40,615,094
141,449,524	45,000,911	96,448,613
-	-	-
76,266,785	39	76,266,746
61,769,765	-	61,769,765
337,808	-	337,808
320,884,129	**45,444,196**	**275,439,932**
6,062,702	-	6,062,702
$ 1,281,570,055	**$ 244,951,733**	**$ 1,036,618,320**
		2,130,301

Keolis SA
Company Balance Sheet
December 31, 2011

		Keolis SA Audited Financial Statement 12/31/2011 Euro		Estimated Converted 12/31/2011 U.S. $
LIABILITIES				
Equity				
Share capital or individual capital	€	46,851,276	$	67,165,989
Additional paid-in capital		-		-
Revaluation reserves		1,845,363		2,389,561
Legal Reserve		4,685,128		6,066,772
Statutory or contractual reserves		-		-
Regulated reserves		-		-
Other reserves		1,416,059		1,833,655
Retained earnings brought forward		-		-
Net profit/(loss) for the year		45,477,141		63,323,735
Investment grants		-		-
Regulated provisions		1,223,004		1,583,668
Cumulative translation adjustment				(10,933,658)
Total equity (I)		**101,497,971**		**131,429,722**
Contingency and loss provisions				
Contingency provisions		46,708,478		60,482,808
Loss provisions		1,743,547		2,257,719
Total contingency and loss provisions (II)		**48,452,025**		**62,740,527**
Liabilities (1)				
Bank borrowings (2)		131,459,112		170,226,404
Other borrowings (including participative loans)		79,451,480		102,881,721
Customer advances and down payments		39,067		50,588
Trade notes and accounts payable		18,274,802		23,664,041
Tax and welfare payments		43,223,035		55,969,508
Fixed assset liabilites and related accounts		2,842,322		3,680,523
Others		362,437,813		469,320,724
Accruals				
Deferred income		4,226,070		5,472,338
Total liabilities and accruals (III)		**641,953,701**		**831,265,847**
Unrealized gains on foreign exchange transactions (IV)		8,635,589		11,182,224
Total liabilities (I to IV)	€	**800,539,285**	$	**1,036,618,320**
(1) Liabilities and deferred income less than 1 year		464,134,410		601,007,648
(2) Overdrafts (short-term borrowings for cash requirements) and bank credit balances of which:		**131,419,453**		**170,175,050**
- amounts payable after one year		100,000,000		129,490,000
- amounts due within one year		31,419,453		40,685,050

Keolis SA
Company Balance Sheet
December 31, 2010

Keolis SA Audited
Financial Statement
12/31/2010
Euro

	Gross	Depreciation and provisions	Net
ASSETS			
Capital Assets			
Intangible assets			
Preliminary expenses	€ -	€ -	€ -
Research and development costs	-	-	-
Concessions, patents, and related rights	15,087,211	11,631,886	3,455,325
Goodwill (1)	24,871,229	17,015,018	7,856,211
Other intangible assets	12,319,606	-	12,319,606
Advances, down payments for intangible assets	-	-	-
Property, plant and equipment			
Land	7,427,364	1,481,633	5,945,731
Buildings	8,733,747	5,161,122	3,572,625
Technical facilities, equipment, machinery	2,809,604	1,533,380	1,276,224
Transport equipment	669,687	544,511	125,176
Other property, plant and equipment	3,207,650	2,458,325	749,325
PPE under construction	9,788,714	-	9,788,714
Advances and down payments	-	-	-
Non-current financial assets (2)			
Shareholdings	464,548,300	81,428,498	383,119,802
Receivables from shareholdings	117,696,925	23,624,721	94,072,204
Other long-term investments	150,249	-	150,249
Loans	992,240	37,686	954,554
Other non-current financial assets	890,382	-	890,382
Total I	**669,192,908**	**144,916,782**	**524,276,126**
Current Assets			
Inventory and work in progress			
Raw Materials, supplies	-	-	-
Production in progress (goods and services)	-	-	-
Semi-finished and finished goods	-	-	-
Goods	2,041	-	2,041
Advances and downpayments on orders	-	-	-
Trade Receivables (3)			
Trade receivables and accounts receivable	38,586,561	316,590	38,269,972
Other receivables	109,669,363	52,805,365	56,863,998
Subscribed called non paid-up capital	-	-	-
Marketable securities held for trading	95,527,676	30	95,527,646
Cash	20,081,291	-	20,081,291
Prepaid expenses (3)	1,027,225	-	1,027,225
Total II	**264,894,158**	**53,121,984**	**211,772,174**
Deferrable debt issuance costs (III)	-	-	-
Bond redemption premiums (IV)	-	-	-
Unrealized losses on foreign exchange transactions (V)	4,978,326	-	4,978,326
GRAND TOTAL	€ **939,065,392**	€ **198,038,766**	€ **741,026,626**
(1) Including lease renewal	-	-	-
(2) Including under one year	-	-	2,247,648
(3) Including over one year	-	-	-

Estimated Converted
12/31/2010
U.S. $

	Gross	Depreciation and provisions	Net
$	-	$ -	$ -
	-	-	-
	19,993,572	15,414,575	4,578,997
	32,959,353	22,548,302	10,411,051
	16,325,942	-	16,325,942
	-	-	-
	9,842,743	1,963,460	7,879,283
	11,573,962	6,839,519	4,734,443
	3,723,287	2,032,035	1,691,252
	887,469	721,586	165,883
	4,250,778	3,257,772	993,005
	12,972,004	-	12,972,004
	-	-	-
	615,619,407	107,909,046	507,710,362
	155,971,965	31,307,480	124,664,485
	199,110	-	199,110
	1,314,916	49,941	1,264,975
	1,179,934	-	1,179,934
	886,814,442	**192,043,717**	**694,770,722**
	-	-	-
	-	-	-
	-	-	-
	2,705	-	2,705
	-	-	-
	51,134,911	419,545	50,715,366
	145,333,840	69,977,670	75,356,170
	-	-	-
	126,593,276	40	126,593,236
	26,611,727	-	26,611,727
	1,361,279	-	1,361,279
	351,037,737	**70,397,255**	**280,640,482**
	-	-	-
	-	-	-
	6,597,278	-	6,597,278
$	**1,244,449,456**	$ **262,440,971**	$ **982,008,485**
	-	-	-
	-	-	2,978,583
	-	-	-

Keolis SA
Company Balance Sheet
December 31, 2010

		Keolis SA Audited Financial Statement 12/31/2010 Euro		Estimated Converted 12/31/2010 U.S. $
LIABILITIES				
Equity				
Share capital or individual capital	€	46,851,276	$	67,165,989
Additional paid-in capital		-		-
Revaluation reserves		1,845,363		2,445,475
Reserves:				
Legal Reserve		4,685,128		6,208,732
Other reserves		56,232		74,519
Retained earnings brought forward		-		-
Net profit/(loss) for the year		20,490,765		27,200,877
Investment grants		-		-
Regulated provisions		1,006,185		1,333,396
Cumulative translation adjustment		-		(5,125,193)
Total I		**74,934,949**		**99,303,795**
Contingency and loss provisions (II)		**51,203,543**		**67,854,935**
Liabilities (1)				
Financial Liabilities				
Convertible bond issues		-		-
Other bond issues		-		-
Bank borrowings (2)		127,240,156		168,618,655
Other borrowings and debts		78,275,065		103,730,116
Customer advances and down payments		-		-
Trade and operating payables				
Trade notes and accounts payable		19,012,885		25,195,875
Taxes and welfare payments		45,873,848		60,792,023
Others		5,691,752		7,542,710
Other liabilities				
Fixed assset liabilites and related accounts		1,744,426		2,311,713
Taxes payable (corporate income tax)		-		-
Others		329,342,091		436,444,139
Deferred income		-		-
Total III		**607,180,224**		**804,635,232**
Unrealized gains on foreign exchange transactions (IV)		7,707,911		10,214,524
Grand total (I+II+III+IV)	€	**741,026,626**	$	**982,008,485**
(1) Including under one year		423,310,246		560,970,738
Including over one year		177,552,000		235,291,910
(2) Including bank overdrafts & bank accounts in credit		27,160,708		35,993,370

Keolis SA
Company Balance Sheet
December 31, 2009

Keolis SA Audited
Financial Statement
12/31/2009
Euro

	Gross	Amortization and depreciation (to deduct)	Net
ASSETS			
Capital Assets			
Intangible assets			
Preliminary expenses	€ -	€ -	€ -
Research and development costs	-	-	-
Concessions, patents, licenses, trademarks, processes, rights and similar assets	13,942,857	10,789,788	3,153,069
Goodwill (1)	24,871,229	14,383,452	10,487,777
Intangibles - work in process	7,225,100	-	7,225,100
Property, plant and equipment			
Land	5,064,713	1,407,300	3,657,413
Buildings	9,010,158	5,721,594	3,288,564
Facilities, machinery, plant and equipment	2,769,821	1,234,452	1,535,369
Transport equipment	637,543	517,153	120,390
Others	2,951,002	2,275,911	675,091
Tangibles - work in progress	3,848,881	-	3,848,881
Long Term Investments (2)			
Shareholdings	388,985,938	77,764,487	311,221,451
Receivables from shareholdings	111,778,037	22,270,417	89,507,620
Other long-term investments	178,376	71,637	106,739
Loans	982,292	37,686	944,606
Others	876,173	-	876,173
Total I	**573,122,119**	**136,473,877**	**436,648,242**
urrent Assets			
nventory and work in progress			
Services in progress	-	-	-
Advances and down payments on orders	-	-	-
Trade Receivables (3)			
Trade notes and accounts receivable	44,764,600	961,209	43,803,391
Others	6,939,192	23,154	6,916,038
Other Receivables (3)	**141,560,832**	**36,081,793**	**105,479,039**
Subscribed called non paid-up capital	-	-	-
Short term investments:			
Treasury shares	-	-	-
Other securities	126,031,007	30	126,030,977
Cash	6,186,787	-	6,186,787
Accruals			
Prepaid expenses (3)	267,290		267,290
Total II	**325,749,708**	**37,066,186**	**288,683,522**
Expenses capitalized, to be amortized (III)	-	-	-
Bond discounts to be amortized (IV)	-	-	-
Unrealized losses on foreign exchange transactions (V)	7,129,887		7,129,887
GRAND TOTAL (I+II+III+IV+V)	€ **906,001,714**	€ **173,540,063**	€ **732,461,651**
(1) Including lease renewal	-	-	-
(2) Including under one year	-	-	-
(3) Including over one year	-	-	2,478,594

Estimated Converted
12/31/2009
U.S. $

Gross	Amortization and depreciation (to deduct)	Net
$ -	$ -	$ -
-	-	-
19,988,480	15,468,240	4,520,240
35,655,394	20,620,117	15,035,277
10,357,903	-	10,357,903
7,260,773	2,017,505	5,243,267
12,916,963	8,202,477	4,714,485
3,970,815	1,769,710	2,201,105
913,982	741,391	172,591
4,230,556	3,262,746	967,810
5,517,756	-	5,517,756
557,650,241	111,483,169	446,167,072
160,244,994	31,926,870	128,318,124
255,720	102,699	153,021
1,408,214	54,027	1,354,187
1,256,082	-	1,256,082
821,627,871	**195,648,950**	**625,978,921**
-	-	-
-	-	-
64,174,531	1,377,989	62,796,541
9,948,026	33,194	9,914,832
202,941,609	**51,726,858**	**151,214,750**
-	-	-
-	-	-
180,678,052	43	180,678,009
8,869,378	-	8,869,378
383,187		383,187
466,994,781	**53,138,084**	**413,856,697**
-	-	-
-	-	-
10,221,406		10,221,406
$ 1,298,844,059	**$ 248,787,034**	**$ 1,050,057,024**
		3,553,312

Keolis SA
Company Balance Sheet
December 31, 2009

		Keolis SA Audited Financial Statement 12/31/2009 Euro		Estimated Converted 12/31/2009 U.S. $
LIABILITIES				
Equity				
Capital	€	46,851,276	$	67,165,989
Share/merger premium		-		-
Revaluation reserves		1,845,363		2,645,512
Reserves:				
Legal Reserve		4,685,128		6,716,600
Others		255,627		366,467
Retained earnings brought forward		-		-
Net income of period		19,126,756		26,667,097
Investment grants		-		-
Regulated provisions		789,713		1,132,133
Cumulative currency adjustment		-		753,020
Total I		**73,553,864**		**105,446,818**
Contingency and loss provisions (II)		**34,212,905**		**49,047,621**
Liabilities				
Financial Liabilities				
Convertible bond issues		-		-
Other bond issues		-		-
Bank borrowings (2)		116,912,521		167,605,790
Other borrowings and debts (3)		49,918,978		71,563,847
Customer advances		-		-
Trade and operating payables				
Trade notes and accounts payable		16,554,190		23,732,087
Taxes payable, liabilities to personnel		42,794,853		61,350,701
Others		3,073,993		4,406,876
Other liabilities				
Fixed asset liabilities and related accounts		1,163,527		1,668,032
Taxes payable (corporate income tax)		133,789		191,800
Others		388,697,890		557,237,295
Accruals (1)				
Deferred income		-		-
Total III		**619,249,741**		**887,756,429**
Unrealized gains on foreign exchange transactions (IV)		5,445,143		7,806,157
Grand total (I+II+III+IV)	€	**732,461,651**	$	**1,050,057,024**
(1) Including over one year		129,255,348		185,300,467
Including under one year		489,994,392		702,455,960
(2) Including cash credits and bank accounts in credit		36,486,455		52,306,982
(3) Including equity loans		-		-

Keolis SA
Income Statement
For the year ended December 31, 2011

		Keolis SA Audited Financial Statement 12/31/2011 Euro		Estimated Converted 12/31/2011 U.S. $
Operating income				
Sales of goods	€	-	$	-
Sales of manufactured products and service sales		156,170,734		217,456,815
Net Revenue		**156,170,734**		**217,456,815**
Production held as inventory		-		-
Capitalized production		924,825		1,287,754
Reversals of depreciation, provision and expense transfers		1,594,564		2,220,319
Other operating income		8,632,144		12,019,656
Total operating income (I)		**167,322,267**		**232,984,544**
OPERATING EXPENSES				
Stock purchases (Including customs duties)		-		-
Change in inventory of goods		-		-
Purchase raw materials, other supplies (including customs duties)		-		-
Change in inventory purchases (raw materials and supplies)		569		792
Other purchases and operating expenses		48,020,339		66,864,961
Taxes and other similar charges		6,467,097		9,004,980
Wages and salaries		72,169,782		100,491,370
Welfare contributions		33,067,714		46,044,477
Operating allowances				
On capital/fixed assets:				
-Depreciation expense		5,737,412		7,988,945
-Charge to provisions		-		-
Charge to provisions		-		-
On current assets: charge for provisions		360,775		502,354
For contingency and loss provision: charge to provision		970,177		1,350,904
Other charges		207,855		289,424
Total opereating expenses (II)		**167,001,720**		**232,538,205**
Operating profit (loss) (I-II)		**320,548**		**446,341**
Net gains (losses) from joint ventures				
Attributed profit or transferred loss (III)		12,021,693		16,739,366
Loss borne or tranferred profit (IV)		1,269,476		1,767,656
Financial income				
Financial income from shareholdings		60,628,294		84,420,655
Other marketable securities and receivables from capitalized assets		-		-
Other similar interests and income		1,580,869		2,201,249
Reversal of provisions and financial expense transfers		38,537,471		53,660,731
Foreign exchange gains		5,856,656		8,154,984
Net gains on sale of marketable securities		959,077		1,335,448
Total financial income (V)		**107,562,367**		**149,773,067**
Financial expenses				
Depreciation and provisions		22,611,175		31,484,478
Interests and similar expenses		19,435,534		27,062,621
Foreign exchange losses		5,499,594		7,657,800
Net expenses on sales of marketable securities		-		-
Total financial expenses (VI)		**47,546,302**		**66,204,897**
Financial income (V-VI)		**60,016,065**		**83,568,169**
Profit before tax (I-II+III-IV+V-VI)	€	**71,088,830**	$	**98,986,220**

Keolis SA
Income Statement
For the year ended December 31, 2011

		Keolis SA Audited Financial Statement 12/31/2011 Euro		Estimated Converted 12/31/2011 U.S. $
Exceptional gains				
Exceptional gains on operations	€	240,447	$	334,806
Exceptional gains on equity transactions		3,014,795		4,197,891
Reversal of provisions charged and exceptional expense transfers		5,641,688		7,855,656
Total exceptional gains (VII)		**8,896,930**		**12,388,352**
Exceptional losses				
Exceptional losses on operations		28,295,085		39,398,925
Exceptional losses on equity transactions		2,916,906		4,061,587
Depreciation and provisions		2,098,751		2,922,364
Total exceptional gains (VIII)		**33,310,741**		**46,382,875**
Exceptional income (loss) (VII-VIII)		**(24,413,811)**		**(33,994,523)**
Employee profit-sharing (IX)		-		-
Corporate income tax (X)		1,197,877		1,667,960
Total income (I + III + V + VI)		**295,803,258**		**411,885,331**
Total losses (II + IV + VI + VIII + IX + X		**250,326,116**		**348,561,594**
Net profit/(loss)	€	**45,477,141**	$	**63,323,735**

Keolis SA
Income Statement
For the year ended December 31, 2010

		Keolis SA Audited Financial Statement 12/31/2010 Euro		Estimated Converted 12/31/2010 U.S. $
Operating income				
Sales of goods	€	-	$	-
Sales of manufactured products and services		155,223,584		206,054,651
Net revenue		**155,223,584**		**206,054,651**
Production held as inventory		-		-
Capitalized production		1,131,905		1,502,570
Operating grants		-		-
Reversals of depreciation and provisions		1,449,892		1,924,688
Expense transfers		1,911,096		2,536,923
Other income		2,323,143		3,083,903
Total operating income (I)		**162,039,620**		**215,102,734**
OPERATING EXPENSES				
Cost of goods sold (COGS) in period				
Stock purchases		-		-
Change in inventory of goods		-		-
External purchases and charges				
Inventory purchases		-		-
Change in inventory purchases		-		-
Non-inventory purchases of materials and supplies		873,697		1,159,807
External personnel		6,999,141		9,291,150
Leasehold expenses		-		-
Other		34,621,055		45,958,412
Taxes and similar payments		7,172,156		9,520,822
Payroll expenses				
Wages and salaries		74,251,465		98,566,592
Welfare contributions		34,694,636		46,056,088
Operating allowances				
On capital/fixed assets:				
-Depreciation		2,806,489		3,725,530
-Charge to provisions		-		-
On current assets:				
-Charge to provisions		223,255		296,364
For contingency and loss provision				
-Charge to provisions		789,198		1,047,637
Other charges		2,120,272		2,814,597
Total of operating charges (II)		**164,551,364**		**218,436,999**
Operating profit (loss) (I-II)		**(2,511,744)**		**(3,334,265)**
Net gains (losses) from joint ventures				
Attributed profit or transferred loss (III)		10,937,572		14,519,299
Loss borne of transferred profit (IV)		3,680,372		4,885,583
Financial income				
Financial income from shareholdings		67,789,446		89,988,456
Other marketable securities and receivables from capitalized assets		-		-
Other similar interests and income		1,444,700		1,917,796
Reversal of provisions and financial expense transfers		23,258,998		30,875,622
Foreign exchange gains		8,744,087		11,607,513
Net gains on sale of marketable securities		517,622		687,128
Total financial income (V)	€	**101,754,853**	$	**135,076,515**

Keolis SA
Income Statement
For the year ended December 31, 2010

		Keolis SA Audited Financial Statement 12/31/2010 Euro		Estimated Converted 12/31/2010 U.S. $
Financial expenses				
Depreciation and provisions	€	61,260,802	$	81,321,877
Interests and similar expenses		9,915,905		13,163,066
Foreign exchange losses		11,376,258		15,101,641
Net expenses on sales of marketable securities		-		-
Total financial expenses (VI)		**82,552,965**		**109,586,584**
Financial Income (V-VI)		**19,201,887**		**25,489,929**
Profit before tax and exceptional items (I - II + III - IV + V - VI)		**23,947,344**		**31,789,381**
Exceptional gains				
Exceptional gains on operations		25,148		33,383
Exceptional gains on equity transactions		2,071,208		2,749,466
Reversal of provisions charged and expense transfers		1,842,073		2,445,297
Reversal of provisions for tax		-		-
Total exceptional gains (VII)		**3,938,428**		**5,228,146**
Exceptional losses				
Exceptional losses on operations		2,285,578		3,034,036
Exceptional losses on equity transactions		418,309		555,293
Depreciation and provisions		5,018,573		6,662,005
Total exceptional losses (VIII)		**7,722,459**		**10,251,333**
Exceptional net income (loss) (VII-VIII)		**(3,784,031)**		**(5,023,187)**
Employee profit-sharing		-		-
Corporate income tax		(327,452)		(434,682.71)
Net profit (loss)	**€**	**20,490,765**	**$**	**27,200,877**

Keolis SA
Income Statement
For the year ended December 31, 2009

	Keolis SA Audited Financial Statement 12/31/2009 Euro		Estimated Converted 12/31/2009 U.S. $	
Operating income				
Sales of goods				
Sales of manufactured products and service sales		€ 149,235,172		$ 208,068,154
Sales	149,235,172		208,068,154	
Net Revenue		**149,235,172**		**208,068,154**
Production held as inventory		-		-
Capitalized production		899,471		1,254,069
Reversals of depreciation and provisions		919,784		1,282,390
Operating grants		-		-
Expense transfers		3,709,552		5,171,969
Other operating income		185,768		259,003
Income from sales of equipment	-		-	
Other	185,768		259,003	
Total operating income		**154,949,747**		**216,035,586**
OPERATING EXPENSES				
Cost of goods sold (COGS) in period				
Stock purchases		-		-
Change in inventory of goods		-		-
External purchases and charges		39,585,767		55,191,665
Inventory purchases	-		-	
Change in inventory purchases	-		-	
Non-inventory purchases of materials and supplies	889,979		1,240,835	
External services:				
-External personnel	7,906,916		11,024,059	
-Leasing expenses	-		-	
-Leashold expenses	45,950		64,065	
-Other	30,742,923		42,862,706	
Taxes and other similar payments		7,122,542		9,930,462
On remunerations	4,304,078		6,000,875	
Other	2,818,464		3,929,587	
Payroll Expenses		101,972,236		142,172,752
Wages and salaries	70,075,822		97,701,813	
Welfare contributions	31,896,415		44,470,939	
Charges for depreciation and provisions		3,614,133		5,038,933
On capital/fixed assets:				
-Depreciation	2,648,242		3,692,258	
Charge to provisions	-		-	
On current assets: charge for provisions	242,762		338,466	
Contingency and loss provision: charge to provision	723,129		1,008,208	
Other operating expenses		7,666,402		10,688,728
Net carrying amount of transport equipment sold	-		-	
Other	7,666,402		10,688,728	
Total opereating expenses		**159,961,080**		**223,022,539**
Operating profit (loss)		**(5,011,333)**		**(6,986,954)**
Net gains (losses) from joint ventures		13,986,951		19,501,027
Operating profit after share of income (loss) from joint ventures		**€ 8,975,618**		**$ 12,514,073**

Keolis SA
Income Statement
For the year ended December 31, 2009

	Keolis SA Audited Financial Statement 12/31/2009 Euro		Estimated Converted 12/31/2009 U.S. $	
Financial income		**€ 103,379,939**		**$ 144,135,412**
From shareholdings	55,430,131		77,282,352	
Other marketable securities and receivables from capitalized assets		-		-
Other similar interests and income	9,452,304		13,178,686	
Reversal of provisions and financial expense transfers	28,263,089		39,405,247	
Foreign exchange gains	9,349,377		13,035,182	
Net gains on sale of marketable securities	885,038		1,233,947	
Total financial income		**103,379,939**		**144,135,412**
Financial expenses				
Charges for depreciation and provisions	62,232,252		86,766,073	
Interests and similar expenses	9,996,603		13,937,564	
Foreign exchange losses	5,575,371		7,773,350	
Net expenses on sales of marketable securities	-		-	
Total financial expenses		**77,804,225**		**108,476,986**
Financial income		**25,575,714**		**35,658,426**
Profit before tax		**34,551,331**		**48,172,502**
Exceptional gains				
In operations				
On equity transactions:		6,527,545		9,100,899
Income from sales of assets	6,402,185		8,926,118	
Other	125,360		174,781	
Reversal of provisions charged and exceptional expense transfers		2,091,150		2,915,544
Reversal of provisions for tax		176,973		246,741
Total exceptional gains		**8,795,669**		**12,263,184**
Exceptional losses				
In operations		1,880,494		2,621,841
On equity transactions		6,569,990		9,160,077
Carrying amount of capitalized items and financial items sold	6,569,990		9,160,077	
Charges for depreciation and provisions		15,746,109		21,953,698
Charge to regulated provisions	212,519		296,300	
Charge to depreciation and other provisions	15,533,590		21,657,397	
Charge to tax provisions	-		-	
Total exceptional losses		**24,196,593**		**33,735,616**
Exceptional income (loss)		**(15,400,924)**		**(21,472,432)**
Employee profit-sharing		(48,482)		(67,595)
Corporate income tax		72,133		100,570
Net income		**€ 19,126,756**		**$ 26,667,097**

Material Change Statement (Keolis)

Keolis

July 17th, 2012

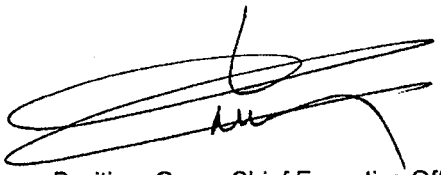
Object: Subsequent events

To whom it concerns,

I certify that in the period following the most recently audited period (i.e. since December 31, 2011), there have been no material adverse changes to the financial stability or viability of Keolis.

A shift in Keolis Group shareholder structure has been approved in April 2012 by its shareholders (the three main being SNCF Participations, AXA Private Equity and Caisse de Dépôt et Placement du Québec).
Further to this operation which shall end by the end of the year 2012, SNCF Group will own c. 70% and have a full control of Groupe Keolis. The remaining 30% shares will be hold by the Caisse de Dépôt et Placement du Québec (CDPQ).
With this transaction, SNCF Group, the core industrial shareholder of Groupe Keolis, and CDPQ, a long-term investor in the company, confirmed their lasting commitment to ensuring the continuity and growth of Keolis for the benefit of public authorities in France and on the international stage.

Signed: Michel Lamboley



Position: Group Chief Executive Officer

U.S. GAAP
Conversion Statement
(Keolis)

Keolis

July 17th, 2012

Patent sources of differences between International Financial Reporting Standards and United States Generally Accepted Accounting Principles ("US GAAP")

The KEOLIS S.A. consolidated financial statements provided for the purpose of this Request for Qualifications have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. For the purpose of this Request for Qualification we reviewed the main areas of the KEOLIS S.A. consolidated financial statements and identified the areas of differences between IFRS and US GAAP that could affect, to the best of our knowledge, the Group's Other Comprehensive Income and Equity. Those differences are discussed as follows:

First time application - Differences resulting from IFRS 1 "exemptions and exceptions"

When preparing its first IFRS consolidated financial statements in 2007, KEOLIS S.A. applied IFRS 1 which requires retrospective application of all IFRS that were effective at the transition date. It also provides some optional and mandatory exemptions to this retrospective application. Some of these exemptions are likely to create on-going differences between the net income and equity as reported in IFRS and the net income and equity that would be reported under US GAAP. The main sources of differences are as follows:

- **Business combinations**: all Business combinations which occurred before January 1, 2006 have not been restated in accordance with IFRS 3 "Business Combination" but remained accounted for in accordance with the accounting standards applied by the Group before the transition. This exemption could have created some differences in the carrying value of acquired assets and liabilities and any related goodwill. Therefore it could affect the forthcoming net incomes.

- **Pension and other employee benefits**: the Group elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS, as a liability with a corresponding reduction in total shareholder's equity. These actuarial gains and losses will therefore never be recycled to the IFRS net income.

Business Combination

Since the revision of both FAS 141 and IFRS 3 in 2007, the Boards have mostly achieved their goal of convergence on the most significant issues relating to Business Combination with two major exceptions: full goodwill and the requirements recognition of contingent assets and contingent liabilities.

The Group has prospectively applied IFRS 3 as revised in 2008 (IFRS 3R) to business combinations for which the acquisition date is on or after January 1, 2010. The new US GAAP standard should be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

Main differences from **previous standards** were as follows (2007-2009):

- **Measurement of minority interests**: according to IFRS, minority interests were recognized at the minority's share in the fair value of the acquired entity net assets. Under US GAAP, minority interests were measured based on the minority share in the historical carrying amount of the acquired entity net assets. More generally, under previous FAS 141, assets acquired and liabilities assumed were stepped up only to the extent of the acquirer's ownership interest, rather than to the full fair value as required by IFRS 3.

- **Contingent considerations**: under US GAAP, contingent considerations were usually recognized only when the contingency was resolved, whereas IFRS 3 required the contingent consideration to be recognized at the date of acquisition only if the payment was probable.

- **Acquisition date**: the acquisition date could differ as IFRS 3 referred to the date on which the acquirer obtains control while former US GAAP considered in practice the date on which assets were received or securities issued.

- **Value of equity instruments** provided as purchase consideration was measured at the date of exchange according to IFRS 3, while US GAAP specified that measurement was based on a reasonable period of time before and after the terms of the acquisition are agreed and announced.

- **Step acquisition and change in ownership:** in both cases, guidance under US GAAP (FAS 141) was the same. Prior ownership interests were measured at the amount that would have been recognised if the equity method had been applied to the investment from the outset. Any differences between amounts previously recognised in net income or OCI and the amounts that would have been recognised under the equity method should be recognised as adjustments to retained earnings (or OCI).

IFRS 3 distinguished the two situations:

- **In case of step acquisition**, IFRS 3 required the share of the identifiable assets and liabilities acquired in previous transactions to be revalued at fair value (with adjustments recognised in equity) and to accumulate a new goodwill for each step acquisition.

- **In case of change of ownership**, IFRS 3 did not provide specific guidance. In practice, the Group used to recognize any differences through equity.

- **Acquired contingencies:** under IFRS 3 the acquiree's contingent liabilities were recognised only if their fair values could be measured reliably, while according to US GAAP, contingent liabilities were recognised only if probable and whether management could made a reasonable estimate of settlement amount.

- **Other differences:** other differences could arise due to different accounting requirements of other existing US GAAP-IFRS literature (for example, identifying the acquirer, definition of control, definition of fair value, replacement of share-based payment awards, initial classification and subsequent measurement of contingent consideration, initial recognition and measurement of income taxes, initial recognition and measurement of employee benefits...).

Finally, even though **the new IFRS and US GAAP** standards are broadly similar in principle, some differences still exist and could impact net income or equity. The main ones are as follows (since 2010):

- **Measurement of non-controlling interest (NCI):** while US GAAP require that NCI are measured at fair value, IFRS 3R leaves an accounting option between recognizing NCI at the fair value or at a proportionate share in the acquiree's identifiable net assets, as described in the Note 2.4.3 – "Business combinations" of the 2011 IFRS consolidated financial statements.

- **Acquired contingencies:** US GAAP require that both assets and liabilities arising from contractual contingencies should be recognised at fair value (if the fair value can be determined during the measurement period) and that non contractual contingencies are recognised at fair value if it is more likely than not that the contingency meet the definition of an asset or liability. IFRS 3R no longer allows a possible obligation to be recognised. Only present obligation that arises from past event can be recognised. The new IFRS standard still not allow the recognition of contingent assets.

Consolidation

US GAAP has a two-tiered consolidation model: the voting interest model and the variable interest model (VIE). All entities are first assessed to determine whether they are VIEs, and when meeting the definition of VIE, should be consolidated if the investor is the primary beneficiary. The consolidation of all non-VIEs is assessed on the basis of voting and other decision-making rights.

IFRS provides indicators of control to determine the need to consolidate. However, where control is not apparent, consolidation is based on an overall assessment of all the relevant facts including the exposure to risk and benefit.

Differences between the two sets of standards may arise not only from a difference in the definition of a VIE but also in the way both US GAAP and IFRS look to voting rights to drive consolidation. Indeed, potential voting rights and de facto control are issued and addressed differently in the two guidance (under US GAAP, there is no specific guidance for potential voting rights and de facto control concept does not exist).

Finally, under IFRS, jointly controlled entities may be accounted for either by proportionate consolidation or using the equity method whereas the proportional method is allowed under US GAAP only for unincorporated entities in certain industries. As mentioned in the note 2.4.1 – "Joint-ventures are consolidated under proportionate method" in the 2011 IFRS consolidated financial statements, companies over which the Group exercises joint control are proportionately consolidated.

Employee benefit

- **Classification:** differences between US GAAP and IFRS can result in different classifications of a plan as a defined benefit or a defined contribution plan. It is possible that a benefit arrangement that is classified as a defined benefit plan under US GAAP may be classified as a defined contribution plan under IFRS and vice versa. Classification differences would result in changes to the expense recognition model.

  Moreover, multi-employer pension plans are accounted for similar to a defined contribution plan in US GAAP whereas these plans are accounted for as either a defined contribution or defined benefit plans in IFRS. Differences would result in changes to the expense recognition model.

- **Actuarial gains & losses**: IFRS allows recognition of actuarial gains/losses in other comprehensive income. Actuarial gains/Losses treated in accordance with this election would not be subsequently recycled through the income statement. USGAAP allows immediate recognition of actuarial gains/losses in the income statement.

Revenue recognition

Differences in revenue recognition could exist as there is extensive guidance under US GAAP, when IFRS are not as prescriptive.

- **Continuous-transfer contracts**: Some differences could arise from the assessment of the percentage of completion (IFRS) in one hand and the proportional performance (US GAAP) in the other hand. Such differences could potentially impact the timing of revenue recognition.

- **Government grants**: Government grants can be recognized under IFRS once there is reasonable assurance that requisite conditions will be met rather than waiting for the conditions to be fulfilled under US GAAP. As a result, government grants could be recognized earlier under IFRS.

- **Concessions:** as mentioned in the note 2.4.6 "Service Concession Arrangements" of the 2011 IFRS consolidated financial statements, IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concession arrangements. It also draws a distinction between two types of service concession arrangement with specific accounting model for each (intangible asset model and financial model asset).

  US GAAP has no specific guidance applicable to concession arrangements. The operator would generally apply the leasing and / or revenue standards to determine the appropriate accounting. This is likely to lead to differences from IFRS.

Assets

- **Impairment for assets:**

  - Differences in allocation of the assets for impairment test purposes: IAS 36 requires that all assets are allocated and tested within a CGU (cash generating unit) while under US GAAP, goodwill are impaired on a stand-alone basis and indefinite-lived intangible assets can only be tested in combination with other indefinite-lived intangible assets, excluding goodwill.
  - A two-step approach in US GAAP versus a single step in IFRS : while IAS 36 requires the company to compare the asset's carrying amount directly to its recoverable amount, US GAAP use two-step approach methods depending on the nature of the tested asset:

    - For goodwill, the two-step approach requires a recoverability test to be performed first at the reporting unit level (carrying amount of the reporting unit is compared to the reporting unit fair value). If the carrying amount of the reporting unit exceeds its fair value, then impairment testing must be performed.
    - For assets other than goodwill the two-step approach requires an impairment test only if the asset fails the recoverability test by comparing the estimated sum of undiscounted cash flows attributable to the asset with its carrying amount, and therefore can make a difference whether an asset is impaired.

  - Differences could also arise as US GAAP require the carrying amount of the asset to be compared to its fair value, while IAS 36 requires its carrying amount to be compared to the recoverable value defined as the highest of fair value less cost to sell or the asset's value in use.

- **Reversal of impairment losses**: finally, US GAAP prohibit any reversal of impairment losses whereas reversals are possible under IAS 36 in certain circumstances (except for goodwill impairment).

Lease contracts

- Even if principles in US GAAP and IFRS standards are broadly similar, the US standard provides some specific quantitative criteria whose application could result in varying lease qualification. Nonetheless potential differences are more likely to affect the Balance Sheet

rather than the Net Income, as a retrospective restatement of all contracts that could be affected should reduce timing differences in the net expense recognition.

- Another difference could also arise because IFRS require more systematically bifurcation than US GAAP, for lease contracts involving both lands and building.

- Leaseback transactions: differences in the framework could lead to differences in the timing of gain recognition in sale-leaseback transactions particularly when the resultant lease is an operating lease. IAS 17 requires the gain on a sale and leaseback transaction that results to an operating lease to be recognized immediately where the sale price is established at fair value. Under US GAAP, FAS 28 generally requires any gain arising on a sale and operating leaseback to be deferred and only recognized as rental payments are made.

-

Provision for risk and contingencies

Both frameworks require recognition of a liability based on the probability of occurrence. The definition of probability is however different under US GAAP (where probable is interpreted as "likely") and IFRS (where probable is interpreted as "more likely than not"). This difference in the interpretation of the term could lead to record a liability earlier under IFRS than under US GAAP.

Income taxes

- **Uncertainty in Income Taxes**: US GAAP include detailed guidance surrounding the accounting for uncertainty in income taxes whereas accounting for uncertain tax positions is not specifically addressed within the IFRS. Moreover, the tax position is measured under US GAAP by using a cumulative probability model that is not supported by IFRS. Therefore, differences in both the unit-of-account methodology and the measurement methodology for uncertain tax position may result in varying outcome under the two frameworks.

- **Intragroups:** under US GAAP, any income tax effect resulting from intragroups profits are deferred at the seller's tax rate and recognized upon sale to a third party. IFRS requires the recognition of deferred taxes based on the buyer's tax rate at the time of the initial transaction.

- **Changes in tax**: subsequent changes in tax rate are systematically recognized in net income according to US GAAP, whereas some of them may be recognized in OCI or equity under IFRS.

Financial Instruments

Even if US GAAP and IFRS core principle for financial instrument reporting are similar, differences may exist as a result of different definitions of what is a financial instrument, how a financial instrument should be classified or when and how a financial instrument should be recognized, derecognized, measured or impaired. Based on the review of the main areas of the KEOLIS S.A. consolidated financial statements, the potential sources of differences between IFRS and US GAAP that could affect the Group's Comprehensive Income and Equity are as follow:

- **Initial measurement of financial items at amortized cost**: under IFRS when an instrument is issued to a related party, the financial asset or liability initially should be recorded at fair value, which may not be the value of the consideration received. The difference between fair value and the consideration received is accounted for as a current-period item. Under US GAAP there is no requirement to initially record the transaction at fair value.

- **Identification of derivative instruments***:* the definition of derivatives is broader under IFRS than under US GAAP; therefore more instruments may be required to be accounted for at fair value through the income statement under IFRS. On the other hand, the application of the scope exemption "own use" under IFRS / "normal purchase normal sale" under US GAAP may result in fewer derivative contracts at fair value under IFRS, as these are scoped out of IFRS while elective under US GAAP. Also there are differences that should be carefully considered in the identification of embedded derivatives within financial or non-financial host contracts.

Presentation issues

As mentioned in the introduction, we identified the patent sources of differences between IFRS and US GAAP that could affect, to the best of our knowledge, the Group's Other Comprehensive Income and Equity. However, there could be patent sources of differences that could affect the Balance Sheet presentation (accounting for government grants, presentation of deferred tax assets ...).

The IASB and the US Financial Accounting Standards Board (FASB) have been working together since 2002 to achieve convergence of IFRSs and US generally accepted accounting principles (GAAP). A common set of high quality global standards remains a priority of both the IASB and the FASB. In September 2002 the IASB and the FASB agreed to work together, in consultation with other national and regional bodies, to remove the differences between international standards and US GAAP. This decision was embodied in a Memorandum of Understanding (MoU) between the boards known as the Norwalk Agreement.

In addition, the US Securities and Exchange Commission (SEC) *removed in 2007 the requirement for non-US companies registered in the United States to reconcile their financial reports with US GAAP if their accounts complied with IFRSs as issued by the* IASB. *Accordingly, an assessment identifying and quantifying the effects of the application of US GAAP on KEOLIS S.A. consolidated financial statements is not available. At the same time, the SEC also published a proposed roadmap on adoption of IFRSs for domestic US companies. Although the general principles and overall methodology of IFRS and US GAAP are converged, differences remain in both principles and implementation guidance.*

Signed : Michel Lamboley

Off-Balance Sheet Liability Statement (Keolis)

Keolis

July 17th, 2012

Object: Off-balance sheet commitments

To whom it concerns,

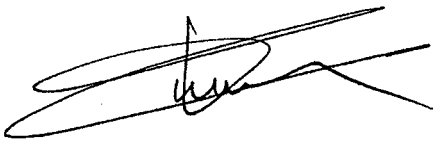
I certify that the following table discloses all commitments not recognised in the statement of financial position and contractual commitments.

(€ million)	Note	31/12/2011	31/12/2010	31/12/2009
Unutilised credit lines		170	3	71
Performance Bonds	1	237	391	349
Track access	2	653	696	572
Other guarantees given		83	123	97
Operating leases		1,321	1,274	1,322
Total commitments made and guarantees given		**2,294**	**2,484**	**2,340**

Note 1: A performance bond is issued to guarantee compensation to the buyer for damages he could incur following the non-performance or incomplete performance of the contract. The guarantee generally represents a payment obligation so that a third party may complete the contract for the client.

Note 2: With regard to rail transport (freight or passenger), operators must purchase rail access from the access provider in the country where their trains run (RFF in France, Network Rail in the UK, DB Netz in Germany, etc.)

Signed: Michel Lamboley



Position: Group Chief Executive Officer

Guarantor
Letter of Support
(Keolis)

Keolis

Le Président

MBTA
For the attention of Lauren Coughlin
Ten Park Plaza
Room 2810
Boston
MA 02116 - 3974

Paris, July 19th 2012

Guarantor letter of support

With reference to the Request for Qualifications (RFQ) for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority ("MBTA") as amended by Addendum n°1 dated 28 June 2012,

As part of the Statement of Qualifications (SOQ) (as defined in the RFQ) to be submitted by Keolis Rail Services America LLC ("KRSA") and SNCF America Inc. on July 26 2012, and in case their SOQ and subsequent proposal were selected by the MBTA, KRSA would hold 60% and SNCF America 40% of the shares in Keolis Commuter Services LLC, the operating company which would operate and maintain the Commuter Rail System and which would enter into the Contract (as defined in the RFQ).

Keolis SA, a company incorporated under French law having its registered office at 9, rue Caumartin – 75009 Paris and registered under number 552 111 809 ("Keolis"), holds, through its wholly owned subsidiary Keolis America Inc, 100% of the shares in KRSA.

Keolis SA hereby confirms that, should KRSA and SNCF America (or Keolis Commuter Services LLC directly as the case may be) submit a Proposal (as defined in the RFQ) after appropriate approval from SNCF and Keolis SA Boards of Directors, and subject to the requirements of the Request For Proposals to be issued by the MBTA, Keolis SA intends to provide financial support, pro-rata Keolis SA's shareholding, to Keolis Commuter Services LLC to enable Keolis Commuter Services LLC to meet its financial obligations under the Contract. Such support will be subject to the Contract being awarded to Keolis Commuter Services LLC.

Yours sincerely,

David AZEMA

Financial Information for SNCF Parent of SNCF America, Inc. Minority Shareholder in Keolis Commuter Services

Financial Statements (SNCF)

FINANCIAL REPORT 2011

SNCF

Management report

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MANAGEMENT STATEMENT FOR FINANCIAL REPORT

Paris, 16 February 2012

We attest that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the Group as of 31 December 2011 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the Group and a description of its main risks and uncertainties.

The Chairman

Guillaume Pepy

Executive Vice-President Finance,
Purchasing and Information Systems

Alain Picard

MANAGEMENT REPORT

IFRS In millions of euros

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SNCF GROUP IN 2011

1 MAJOR EVENTS OF THE YEAR

1-1 ENTRY INTO FORCE OF THE *TRAINS D'ÉQUILIBRE DU TERRITOIRE* AGREEMENT

The *Trains d'Équilibre du Territoire* (TET) (balancing of regional train service) agreement entered into force on 1 January 2011. The agreement, signed on 13 December 2010, covers the INTERCITÉS, Téoz and Lunéa trains, with the exception of special trains and auto-trains. Results are monitored under the new "INTERCITÉS" activity, the new trade name for all the *Trains d'Équilibre du Territoire*. Initially broken down between the "INTERCITÉS" and "Standard rolling stock (Corail, Elipsos)" CGUs of the respective SNCF Proximités and SNCF Voyages divisions, the assets covered by the agreement were therefore combined into a single CGU within the SNCF Proximités division. The Group's segment reporting has been adapted accordingly so that results for the Téoz and Lunéa trains, with the exception of special trains and auto-trains, are reported with the SNCF Proximités results rather than those of SNCF Voyages.

1-2 SEAFRANCE

At the end of September 2010, the Group subsidiary, SNCF Participations, announced the planned sale of its subsidiary SeaFrance, specialising in cross-Channel freight between France and the UK. On 28 April 2010, SeaFrance was placed under the protection of the Trade Courts through insolvency proceedings. At the same time, the recapitalisation request submitted to Brussels in February 2011 was rejected by the Commission in October 2011, considering that the solution proposed by the French government did not comply with competition rules. The French government appealed this decision.

On 16 November 2011, the Paris Trade Court, which considered that the two remaining takeover bids were unsatisfactory, ordered the company's liquidation with business continuity until 28 January 2012 and set 12 December 2011 as the submission date for any takeover bids. On 9 January 2012, the Paris Trade Court ordered SeaFrance to cease trading. Control over the company was transferred to court-appointed receivers as from the initial liquidation announcement on 16 November 2011, and the subsidiary was deconsolidated as from this date.
The update of SeaFrance's recoverable amount as a held-for-sale activity had a negative €20 million impact on "Net profit/(loss) from discontinued operations" in the consolidated income statement. The subsidiary's assets and liabilities classified as at 31 December 2010 in "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" were removed from the consolidated statement of financial position as at 31 December 2011.

1-3 CREATION OF THE NEW SYSTRA GROUP

The first half of 2011 saw the materialisation of the draft agreement signed on 28 October 2010 between SNCF and RATP to develop transport engineering in all the components of their common subsidiary Systra. Following the first phase completed on 30 June 2011, SNCF and RATP transferred exclusive control and 49% of their engineering subsidiaries, respectively Inexia and Xelis, to Systra. The remaining 51% stake held by SNCF in Inexia and by the RATP in Xelis was transferred in early January 2012 as part of the second phase. Initially under joint control, Systra was subject to the significant influence of the SNCF group following its governance review. As at 30 June 2011, the Systra and Inexia subsidiaries changed from proportional and full consolidation, respectively, to the equity method. The Xelis entity fell within the equity method scope. The impacts of the operation on the consolidated financial statements are described in *Note 4* to the consolidated financial statements. The impacts on the scope are described in *Note 37*.

1-4 MEMORANDUM OF AGREEMENT BETWEEN RFF AND SNCF FOR 2011 NETWORK MAINTENANCE

On 17 March 2011, RFF and SNCF validated a memorandum of agreement, prior to the signature of the national rail network maintenance agreement for 2011. Specifically, the two players agreed on the principle of a sound economic relationship. The management agreement for 2011 amounted to a little over €2.1 billion. This remuneration should allow SNCF Infra to fully cover its expenditure regarding the production volume requested by RFF for 2011 network maintenance, and consequently anticipate a sound economic relationship. The signature of this agreement improved the SNCF Infra division's revenue by €212 million compared to fiscal year 2010.

1-5 IMPAIRMENT OF THE TGV FRANCE AND EUROPE CGU (EXCLUDING EUROSTAR)

Changes in operating conditions represented an indication of impairment for the TGV France and Europe CGU (excluding Eurostar) and led the Group to carry out an impairment test.

Based on the test results, a €700 million impairment loss was recognised under "Impairment losses" in the statement of comprehensive income and "Property, plant and equipment" in the statement of financial position. The test assumptions and result impacts are described, respectively, in *Notes 8* and *28* to the consolidated financial statements.

2 KEY FIGURES

In € millions	2011	2010
Revenue	32,645	30,466
Operating profit	3,020	2,163
Current operating profit	1,255	531
Finance costs	-359	-358
Net profit/(loss) attributable to equity holders of the parent	125	697
Cash flow from operations	2,148	1,431
Equity-financed intangible asset and PP&E investments	2,321	2,127
ROCE[1]	7.1%	3.2%
Employees	**245,090**	**240,978**

(1) ROCE or return on capital employed = the ratio between current operating profit and average capital employed.
The capital entering into this calculation is the algebraic sum of equity (including non-controlling interests - minority interests) and net indebtedness.
They are adjusted for asset impairment. The average with the prior year's equity gives the average equity.
Note that the ROCE published in the 2010 activity report amounted to 3.6%: the equity used to calculate the ratio was not adjusted for asset impairments.

In € millions	31/12/2011	31/12/2010
Net debt	8,329	8,499

3 SUBSEQUENT EVENTS

3-1 SEAFRANCE

On 9 January 2012, the Paris Trade Court ordered the liquidation of the SeaFrance subsidiary with full closure of business. SNCF announced that it would pay compensation estimated at €50 million to employees who would be dismissed following the definitive closure of business and that it was seeking to relocate 500 of these employees. Following the scheduled period, 15 employees were relocated within the SNCF Group.

3-2 CREATION OF THE NEW SYSTRA GROUP

In early January 2012, the second transfer phase in connection with the creation of the new Systra group took place *(see Note 1.3 Major events of the year)*. The SNCF Group transferred its remaining 51% stake in Inexia while the RATP transferred its remaining 51% stake in Xelis. The transfer of securities intended to realign the percentage shareholding of both partners resulted in the collection of a cash-balancing adjustment of €20 million by the SNCF Group.

3-3 PARTNERSHIP IN THE HYDROPOWER MARKET

On 4 January 2012, the Swedish power company Vattenfall officially confirmed the creation of a consortium with SNCF, Rhodia and ArcelorMittal in the hydropower market in which it will be the principal shareholder. Accordingly, SNCF will set up a subsidiary dedicated to this activity, SNCF Energie, in order to secure a long-term power supply.

3-4 DOWNGRADE OF THE SNCF RATING

After having downgraded France's sovereign rating, the rating agency Standard & Poor's announced on 17 January that it had downgraded the ratings of a certain number of French public companies. SNCF's rating was slightly downgraded from AA+ to AA with a negative outlook.

3-5 BOND ISSUES

On 18 January and 10 February 2012, the SNCF carried out two bonds issues for €450 million over 30 years and €200 million over 20 years, respectively.

GROUP RESULTS AND FINANCIAL POSITION

1 GENERAL OBSERVATIONS ON GROUP RESULTS

In € millions	2011	2010	Change 2011 vs. 2010	
Revenue	**32,645**	**30,466**	**2,178**	**7.2%**
Infrastructure fees	-3,817	-3,679	-138	3.8%
Purchases and external charges	-12,135	-11,546	-589	5.1%
Taxes and duties	-1,104	-1,072	-32	3.0%
Employee benefit expenses	-12,603	-12,154	-449	3.7%
Other income and expenses	34	147	-113	-76.9%
Gross profit	**3,020**	**2,163**	**857**	**39.6%**
Depreciation and amortisation	-1,686	-1,534	-152	9.9%
Net movements in provisions	-79	-97	18	-18.9%
Current operating profit/(loss)	**1,255**	**531**	**724**	**136.3%**
Net proceeds from asset disposals	293	268	24	9.1%
Positive impacts of Group structure operations	113	586	-473	-80.6%
Impairment losses	-840	23	-863	-3,702.5%
Operating profit/(loss)	**821**	**1,409**	**-588**	**-41.7%**
Finance cost of employee benefits	-65	-53	-12	22.3%
Net borrowing costs	-294	-305	12	-3.8%
Finance costs	**-359**	**-358**	**0**	**0.1%**
Net profit/(loss) before tax	**463**	**1,051**	**-588**	**-56.0%**
Income tax expense	-295	-95	-201	212.1%
Share of profit of associates	4	6	-2	-34.7%
Net profit/(loss) from ordinary activities	**171**	**962**	**-791**	**-82.2%**
Net profit/(loss) from discontinued operations	-21	-240	219	-91.4%
Net profit/(loss) attributable to non-controlling interests (minority interests)	-25	-25	0	-0.2%
Net profit/(loss) attributable to equity holders of the parent	**125**	**697**	**-571**	**-82.0%**
Gross profit/revenue	9.3%	7.1%		
Current operating profit/revenue	3.8%	1.7%		
Return on capital employed (ROCE)[1]	7.1%	3.2%		

(1) See definition of ROCE in Key figures.

1-1 Comparability of the financial statements

The comparability of 2011 results with those of 2010 was impacted by the following Group structure and exchange rate changes:

In € millions		Impacts on the revenue
SNCF Infra division	**Changes in 2010 Group structure**[1]	
	Acquisition of Afacor	1
	Changes in 2011 Group structure	
	Creation of the new Systra group	-120
	Exchange rate fluctuations	-1
SNCF Proximités division	**Changes in 2010 Group structure**[1]	
	Takeover of Keolis	294
	Changes in 2011 Group structure	
	Acquisition of Keolis in the United States	5
	Acquisition of Keolis in Belgium	2
	Exchange rate fluctuations	24
SNCF Voyages division	**Changes in 2010 Group structure**[1]	
	Creation of Eurostar International Limited	-32
	Acquisition of Findworks Technologies	3
	Exchange rate fluctuations	-6
SNCF Geodis division	**Changes in 2010 Group structure**[1]	
	Acquisition of Giraud	126
	Acquisition of Ciblex	53
	Takeover of Ermewa	35
	Acquisition of BSL SPA	20
	Other changes in 2010 Group structure	3
	Changes in 2011 Group structure	
	Acquisition of One Source Logistics	6
	Acquisition of Pharmalog	6
	Acquisition of Ciblex business	2
	Exchange rate fluctuations	-4
Inter-division eliminations	Indirect impact of the creation of Eurostar International Limited and the New Systra group	14
Total		**430**

(1) Operations carried out in 2010 having an impact on 2010/2011 revenue trends.

1-2 2011 results

1-2-1 Revenue

SNCF Group consolidated revenue totalled €32,645 million at the end of 2011, up €2,178 million (+7.2%) compared to 2010.

This increase breaks down as follows:

— a Group structure impact of +€417 million *(see Note 1.1)*,

— a foreign exchange impact of +€13 million *(see Note 1.1)*,

— an organic increase for the Group of +€1,748 million (+5.8%); the increases for divisions were as follows:

- SNCF Infra +€232 million +4.6%
- SNCF Proximités +€804 million +7.2%
- SNCF Voyages +€408 million +5.9%
- SNCF Geodis +€291 million +3.3%
- Gares & Connexions +€32 million +2.9%

1-2-2 Gross profit

In 2011, gross profit increased by €857 million to €3,020 million, up 39.6%, and gross profit over revenue rose from 7.1% in 2010 to 9.3% in 2011.

In € millions	2011	2010	Change 2011 vs. 2010		Change 2011 vs. 2010 on constant Group structure and exchange rate basis	
Revenue	**32,645**	**30,466**	**2,178**	**7.2%**	**1,748**	**5.8%**
Employee benefit expenses	-12,603	-12,154	-449	3.7%	-309	2.5%
Purchases and external charges (excluding infrastructure fees, traction energy and fuel prices)	-10,930	-10,503	-427	4.1%	-176	1.7%
Infrastructure fees	-3,817	-3,679	-138	3.8%	-105	2.9%
Traction energy and fuel prices	-1,205	-1,043	-162	15.5%	-126	12.1%
Taxes and duties	-1,104	-1,072	-32	3.0%	-25	2.4%
Other income and expenses	34	147	-113	-76.9%	-116	-79.0%
Gross profit	3,020	2,163	857	39.6%	890	41.2%
Gross profit/revenue	*9.3%*	*7.1%*				

NB: the analyses concerning gross profit involve changes on a constant Group structure and exchange rate basis.

Employee benefit expenses rose by €309 million, or +2.5%, primarily due to the 2.4% increase in the average costs per employee.

Purchases and external charges (excluding infrastructure fees and energy expenses) and other income and expenses increased by €292 million (+2.8%). The improvement in the business recorded by SNCF Geodis division subsidiaries resulted in a correlative increase in sub-contracting; the rise in this heading was also impacted by the growth in Keolis' revenue (+6.2%).

Energy and fuel expenses rose by €126 million (+12.1%), primarily attributable to the increase in fuel (+€55 million), thermal traction energy (+€43 million), and electric traction energy (+€28 million) prices.

1-2-3 Current operating profit

Current operating profit totalled €1,255 million, up €724 million compared to 2010.

The revenue to current operating profit conversion rate increased from 1.7% in 2010 to 3.8% in 2011.

The increase in net depreciation and amortisation charges (+€152 million) was due to the Group structure impact in the amount of €25 million, depreciation and amortisation of *Trains d'Équilibre du Territoire* (balancing of regional train service) rolling stock in the amount of €60 million and withdrawal and scrapping of rolling stock in the amount of €54 million.

The net increase in provisions involved a €79 million charge at the end of December 2011, down €97 million compared to December 2010.

Net charges to provisions in 2011 mainly concerned provisions for tax, employee-related and customs liabilities (-€64 million) and net reversals of provisions for litigation and contractual liabilities (+€59 million, including the reversal of the provision for the RTE litigation in the amount of €106 million).

1-2-4 Operating profit

Operating profit declined by €588 million to +€821 million.

Net proceeds from asset disposals in 2011 mainly comprised property sales.

The **positive impacts of Group structure operations** recorded in 2011 resulted from the creation of the new Systra entity (€113 million). In 2010, this heading was increased through the creation of Eurostar International Limited and the takeovers of Keolis and Ermewa.

Impairment losses totalled -€840 million (€23 million in 2010) and mainly concerned the impairment of TGV assets in the amount of €700 million *(see Note 1.5 Major events of the year).*

1-2-5 Finance costs

Finance costs (-€359 million) remained unchanged, reflecting stable net borrowing costs.

1-2-6 Income tax

The €201 million rise in income tax mainly resulted from an increase in the current tax expense from €117 million in 2010 to €353 million in 2011, of which:

— €80 million relating to the increase in tax on the profits of rail companies for the financing of *Trains d'Équilibre du Territoire* (balancing of regional train service);

— €116 million relating to the new income tax calculation methods in France which cap the amount of tax losses that can be offset against taxable income.

1-2-7 Net profit/(loss) from discontinued operations

Following the Group's decision to sell its SeaFrance subsidiary, the financial items of this company were reclassified to Net profit/(loss) from discontinued operations in the income statement at the 2010 year-end *(see Note 1.2 Major events of the year).*
In the 31 December 2011 financial statements, the recognition of SeaFrance's assets at fair value had a negative impact of €20 million on Net profit/(loss) from discontinued operations.

1-2-8 Net profit/(loss) attributable to equity holders of the parent

As a result of all these changes, the net profit attributable to equity holders of the parent totalled €125 million, compared to €697 million in 2010, after recognition of net profit attributable to non-controlling interests (minority interests) of €25 million.

The €571 million decline in net profit was due to the following non-recurring items for -€1,004 million:

— changes in impairment losses recorded (-€863 million), particularly for the TGV;

— impact on the 2010 profit of the acquisition of Eurostar International Limited and the takeovers of Keolis and Ermewa (-€585 million);

— capital gain on disposal to RTE recorded in 2010 (-€80 million);

— changes in fair value in finance costs (+€10 million);

— capitalisation in 2011 of deferred taxes on loss carryforwards (+€50 million);

— capital gain on the disposal of land at rue de Saussure in Paris recorded in 2011 (+€70 million);

— reversal in 2011 of the provision relating to the RTE litigation (+€106 million);

— impact on the 2011 profit of the creation of the new Systra entity (+€113 million);

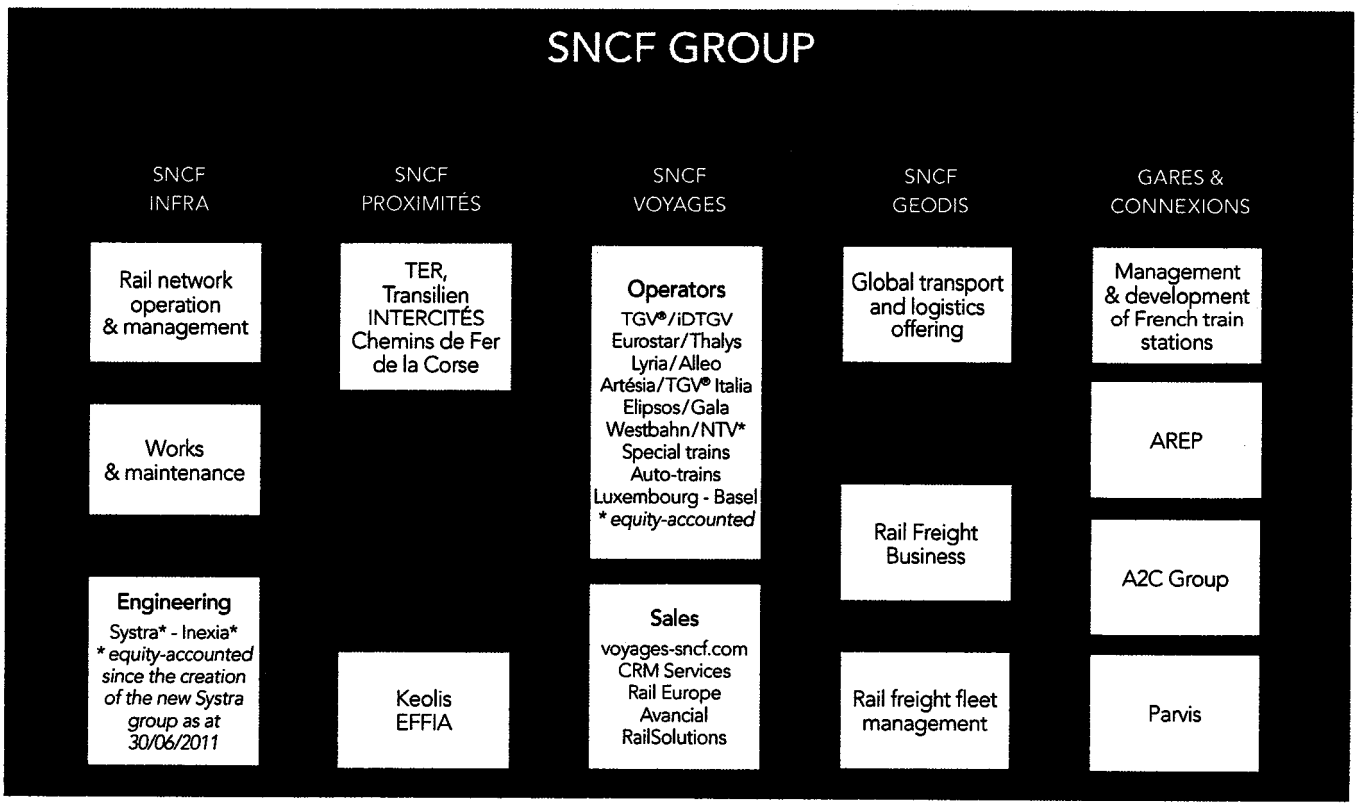
— changes in the fair value of SeaFrance (+€174 million).

Recurring net profit increased by €433 million to total +€664 million at the end of December 2011.

The ROCE (calculated on current operating profit) rose from 3.2% to 7.1%.

2 ACTIVITY AND RESULTS BY DIVISION

SNCF Group activity is structured according to five divisions that are supported by common operations: SNCF Infra, SNCF Proximités, SNCF Voyages, SNCF Geodis and Gares & Connexions.



Division contributions to revenue, gross profit, current operating profit and the equity-financed investments of the Group's components break down as follows:

In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations and investments	Inter-division eliminations	Group
Revenue	5,295	12,324	7,279	9,427	1,166	5,402	-8,249	32,645
Gross profit	229	811	1,020	237	175	548		3,020
Current operating profit/(loss)	227	301	581	-214	64	296		1,255
Equity-financed intangible asset and PP&E investments	-106	-470	-786	-385	-135	-438		-2,321

The financial data per division shown in the tables on the following pages includes all transactions between divisions.

The entry into force of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement led the Group to reclassify the profits of Téoz and Lunéa trains, with the exception of special trains and auto-trains, from the SNCF Voyages division to the SNCF Proximités division *(see Note 1.1 Major events of the year)*. Fiscal year 2010 figures per division were therefore adjusted in relation to the information produced in 2010. In 2010, this resulted in:

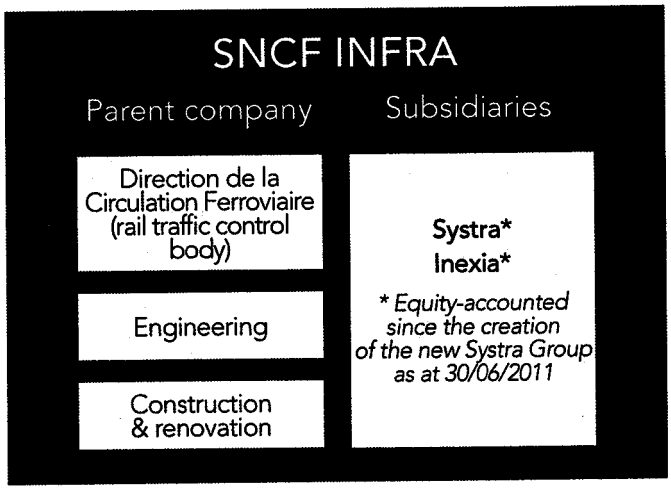
— an increase in internal revenue of €121 million at SNCF Voyages;

— a decrease in internal revenue of €7 million at SNCF Proximités;

— transfer from SNCF Voyages to SNCF Proximités of:

- external revenue of €433 million,
- gross loss of -€91 million,
- current operating loss of -€96 million,
- equity-financed investments of €8 million.

2-1 SNCF INFRA DIVISION



The SNCF Infra division includes:
— the delegated management activities of Infrastructure on behalf of Réseau Ferré de France (traffic management and network maintenance);
— Engineering activities (mainly Systra and Inexia).

In € millions	2011	2010	Change
Revenue	5,295	5,182	113
Gross profit	229	136	93
Gross profit/revenue	*4.3%*	*2.6%*	
Current operating income	227	130	97
Equity-financed intangible asset and PP&E investments	-106	-98	-8

Highlights

— On 17 March 2011, the Boards of Directors of RFF and SNCF validated the memorandum of agreement, prior to the signature of the national rail network maintenance agreement for 2011. On 26 May 2011, the SNCF Board of Directors adopted this agreement *(see Note 1.4 Major events of the year).*

— A new 3-year agreement between RFF and the *Direction des Circulations Ferroviaires* (DCF) came into force on 1 January 2011.

— As part of a new industrial and contractual partnership with RFF, a common platform was set up between SNCF and RFF, covering major issues relating to network maintenance (line industrial policy, work planning and scheduling, etc.) and the optimisation of operating performance.

— In terms of activity, the year was marked by:

- ramp-up of the Central Network Controls in Lyon and Dijon;

- production for RFF of the timetable studies required for the preparation of the 2012 Annual Service;

- commissioning of the Rhin-Rhône high-speed line on 11 December;

- intensification of investments and development of Public-Private Partnerships (GSM-R project).

— Fiscal year 2011 was marked by the finalisation of the draft agreement signed on 28 October 2010 between SNCF and RATP aimed at developing transport engineering in all its components based on their common Systra subsidiary *(see Note 1.3 Major events of the year).* A €113 million impact relating to disposal gains was recorded for this operation under "Positive impacts of Group structure operations".

2011 results

— Revenue

In 2011, SNCF Infra division revenue increased by €113 million (+2.2%).
The creation of the new Systra entity had a negative impact on revenue in the amount of €120 million *(see Note 1.3 Major events of the year).*
On a constant exchange rate and Group structure basis, business growth totalled €232 million (+4.6%) in line with:

- the rise in compensation from the new 2011 network maintenance agreement (+€212 million);

- the impact of the agreement entered into with RFF regarding the 2009 and 2010 supply agreements (+€42 million);

- the increase in investing services;

- the growth in the business of subsidiaries (+€11 million), mainly Inexia in the first half of 2011.

Furthermore, the €78 million decline in the division's revenue relating to network operations was mostly attributable to the new 2011 agreement signed between RFF and the DCF.

— Gross profit

The improvement in the gross profit of SNCF Infra (+€93 million) was directly attributable to the agreements entered into in 2011 with RFF regarding network maintenance and operations and supplies.

— Current operating profit

Current operating profit increased by €97 million, primarily due to the rise in gross profit.

— Equity-financed investments

Equity-financed investments in 2011 were down slightly compared to 2010 and primarily comprised acquisitions or reclassifications of maintenance and traction engines.

2012 outlook

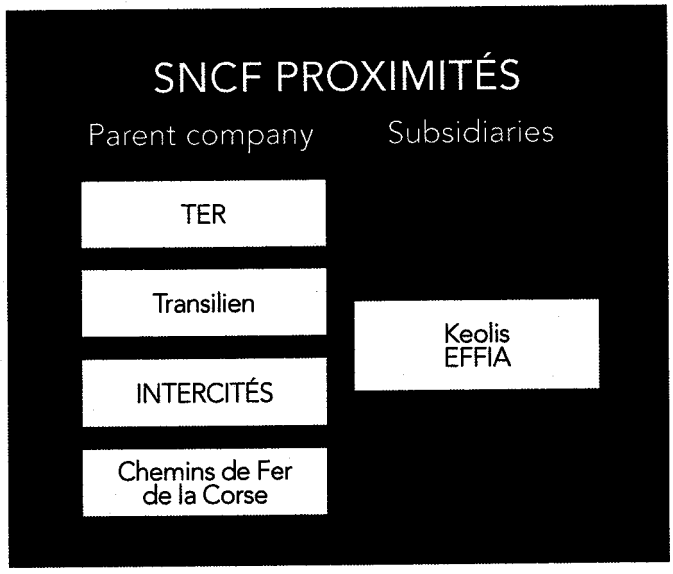
— Fiscal year 2012 will be marked by the renegotiation of the main agreements with RFF in connection with the discussions on the new French rail system governance procedures *(les Assises du ferroviaire)*.

— Revenue growth will be driven by Public-Private Partnerships and RFF investment projects (connections to the future Sud-Europe-Atlantique high-speed line, Nîmes-Montpellier double crossover, Bretagne-Pays de la Loire high-speed line, extension of the RER E to western Ile-de-France, etc.).

— With regard to network maintenance and in phase with scheduling, the production resources for the roll-out of line strategic planning will have to be adapted due to the increase in work at night and during the weekend.

— Engineering assignments on behalf of RFF should develop in line with the studies prior to the general implementation of Central Network Controls.

2-2 SNCF PROXIMITÉS DIVISION



The SNCF Proximités division encompasses all the Group's local transport activities: medium distance links (INTERCITÉS), rail transport regulated services (TER, Transilien, Chemins de Fer de la Corse and Keolis subsidiaries), bus, tramway and subway (Keolis) and complementary services relating to passenger transport.

In € millions	2011	2010[1]	Change
Revenue	12,324	11,196	1,128
Gross profit	811	497	314
Gross profit/revenue	*6.6%*	*4.4%*	
Current operating profit	301	61	241
Equity-financed intangible asset and PP&E investments	-469	-384	-84

(1) Restated for modifications described in Note 2.
The 2010 investments presented in this table take into account all transactions with the division. In the 2010 reference document, this indicator was calculated as a Group contribution (+€3 million impact).

Highlights

— The fiscal year was marked by the implementation as at 1 January 2011 of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement between the French State and SNCF *(see Note 1.1 Major events of the year)*.

— Relations with the Organising Authorities were rendered more difficult due to the limits on their financial resources.

— The main contractual developments included:

– first-year implementation of the new Lille and Lyon contracts;

– ongoing renegotiation of the STIF, Limousin and Tours contracts;

– signature of public service delegation contracts for the operation of the urban transport networks of the Metz, Orléans, Aix-en-Provence and Epinal agglomerations;

– acquisition of the US public transport operator Tectrans;

– extension of the Transpennine franchise (until April 2014) and the offensive gains of the Gold Coast and Nottingham Public-Private Partnerships;

– preparation of the responses to the calls for tender for the UK West Coast Main Line and East Coast Main Line franchises;

– signature of a Memorandum of Understanding with the PACA Regional Council for the settlement of contractual litigation.

2011 results

— Revenue

2011 revenue increased by €1,128 million (+10.1%) compared to 2010, primarily due to:

– the impact of the Keolis takeover on 4 February 2010 in the amount of +€294 million;

– 2011 year-end Keolis acquisitions in the United States and Belgium for €7 million;

– a positive foreign exchange impact of +€24 million.

On a constant Group structure and exchange rate basis, revenue increased by €804 million (+7.2%), of which:

– +€406 million for Transilien and TER; their business was marked by a €149 million increase in traffic income and the rise in contributions paid by the Organising Authorities (positive impact of contract indexing and increase in production quality bonuses);

– +€239 million for Keolis, of which 60% abroad;

– +€190 million for INTERCITÉS, of which +€208 million relating to the *Trains d'Equilibre du Territoire* (balancing of regional train service) agreement.

— Gross profit

The gross profit of the SNCF Proximités division rose by €314 million (+63%) between 2010 and 2011; excluding the impact of the Keolis takeover (+€12 million), gross profit increased by €302 million.

This increase was initially attributable to the set-up of the *Trains d'Equilibre du Territoire* agreement for €208 million.

Furthermore, the higher production quality in 2011 improved TER gross profit by €75 million.

The performance of Keolis (+€25 million), in line with the major growth in its business, also contributed to the gross profit increase.

— Current operating profit

The division's current operating profit increased by €241 million, primarily attributable to the rise in gross profit.

— Equity-financed investments

The €84 million rise in investments was mainly due to the increase in rolling stock purchases (Francilien trains) by Transilien and the growth of the Keolis business in Sweden, Norway and France (major urban networks).

2012 outlook

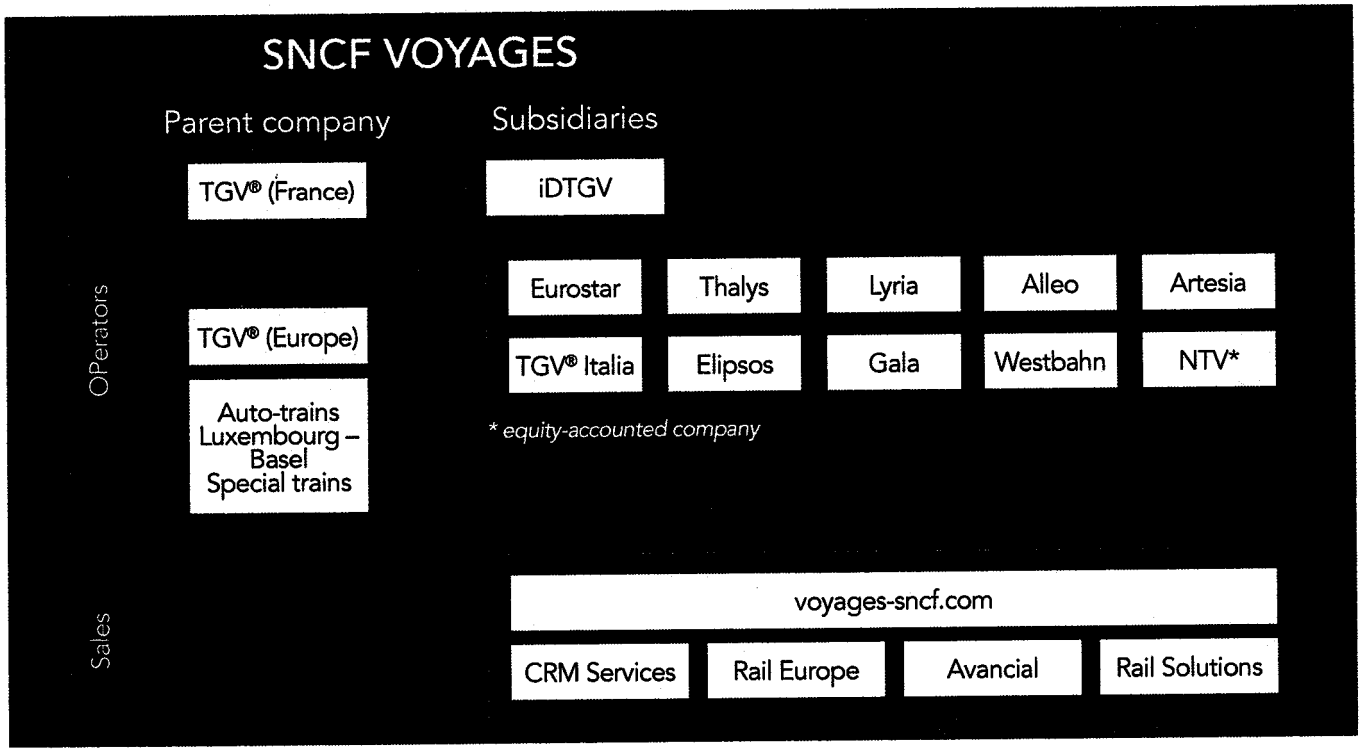
— For Keolis, fiscal year 2012 will be marked by the start-up of activity for the Nottingham and Gold Coast networks and the responses to the calls for tender of the UK West Coast Main Line and East Coast Main Line franchises; furthermore, the full impact of the gains from contracts and acquisitions (United States, Sweden) should offset the impacts arising from the carryforward of 2011 contract losses (Denmark, Germany).

— For TER, the main challenges will involve:

– Corsica Railways, as the current public service delegation should be operated as of 1 January 2012 by a semi-public limited liability company in which SNCF is a stakeholder;

– Preparation for the renegotiation of the Franche-Comté and Picardie contracts.

2-3 SNCF VOYAGES DIVISION



The SNCF Voyages division includes:

— carrier services through its TGV®, special train, auto-train and Europe (Eurostar, Thalys, Lyria, etc.) activities;

— supply of services related to the transportation of passengers: distribution (with among others voyages-sncf.com) and train management.

In € millions	2011	2010[1]	Change
Revenue	7,279	6,905	373
Gross profit	1,020	1,007	14
Gross profit/revenue	*14.0%*	*15.6%*	
Current operating profit	581	631	-50
Equity-financed intangible asset and PP&E investments	-786	-597	-189

(1) Restated for modifications described in Note 2.

Highlights

— Fiscal year 2011 was marked by the implementation as at 1 January 2011 of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement between the French State and SNCF *(see Note 1.1 Major events of the year).*

— In 2011, SNCF Voyages pursued its international development, by acquiring a 26% stake in the Austrian company Rail Holding AG (Westbahn). This new addition to the long-distance rail market will operate the Salzburg-Vienna line, with 14 daily return trips.

— The development of the transport offering reflects both growth and efficiency objectives and production constraints:

– growth: commissioning in December 2011 of the Rhin-Rhône high-speed line, ramp-up of new offerings relating to the commissioning in 2010 of the Haut-Bugey line and the Perpignan-Figueras high-speed line (offer in cooperation with RENFE), launch of an independent TGV® offering for Italy as from December 2011 following the end of cooperation with Trenitalia;

– operational and economic efficiency: precise measures to optimise TGV® services (discontinuation of certain loss-making relations and creation of new frequencies for contributing markets such as Paris-Lyon, Paris-Rennes, Paris-Strasbourg and development of the iDTGV offering for Lyon and Marseilles), reduction of the Thalys transport plan to relieve pressure on rolling stock and improve punctuality;

– production constraints: impact of network modernisation work on the transport plan (delayed opening of trains for booking).

— In addition to this transport offering, SNCF Voyages continued to add new services: *espace Pro Première* services, extension of customer relations to social networks, e-ticketing for smartphones and tablets (for which specific SNCF applications were also launched this year), creation of the *Bagages jeunes* student luggage service and overhaul of the *Junior & Cie* service.

2011 results

— Revenue

The division's revenue increased by €373 million (+5.4%); on a constant Group structure and exchange rate basis, the increase totalled +€408 million (+5.9%). Traffic income rose by €361 million, boosted by the sales performance of TGV® France and Europe (Eurostar, Thalys and Lyria) and iDTGV.

— Gross profit

The gross profit of the Voyages division rose by €14 million; on a constant Group structure and exchange rate basis, the increase totalled €59 million.
Despite the substantial increases in infrastructure fees (+€240 million), rolling stock maintenance costs (+€53 million) and traction energy expenses (+€34 million), the division managed to stabilise its economic performance through an excellent sales momentum.

— Current operating profit

On a constant Group structure and exchange rate basis, the division's current operating profit was stable compared to 2010 at €627 million. The withdrawal and scrapping of rolling stock in 2011 had a negative impact on this indicator.

— Equity-financed investments

The rise in investments (+€189 million) was due to the renewal of Eurostar trains (€110 million) and the deliveries of new TGV® 2N2 (2-level 2nd generation) trains.

2012 outlook

— The development of the transport offering will be reduced overall in 2012 (less than 2%).

— The offering developments will however be significant in line with:

– the commissioning of the Rhin-Rhône TGV® in December 2011;

– the extension of the Thalys offering to Brussels, Essen and Zaventem;

– the new 100% TGV® offering to Italy.

— These developments will be partially offset by:

– impacts arising from more substantial engineering work than in 2011 (vallée du Rhône, Aubagne, Alpes, Nord, Sud-Ouest, Bretagne);

– the occasionally negative impact of the new 2012 timetables, particularly due to the reduction or limitation of services that are not compatible with the new right-of-way framework or the impact on the demand to extend journey times;

– to a lesser extent, service optimisations.

— The division will be subject to major upheavals in 2012:

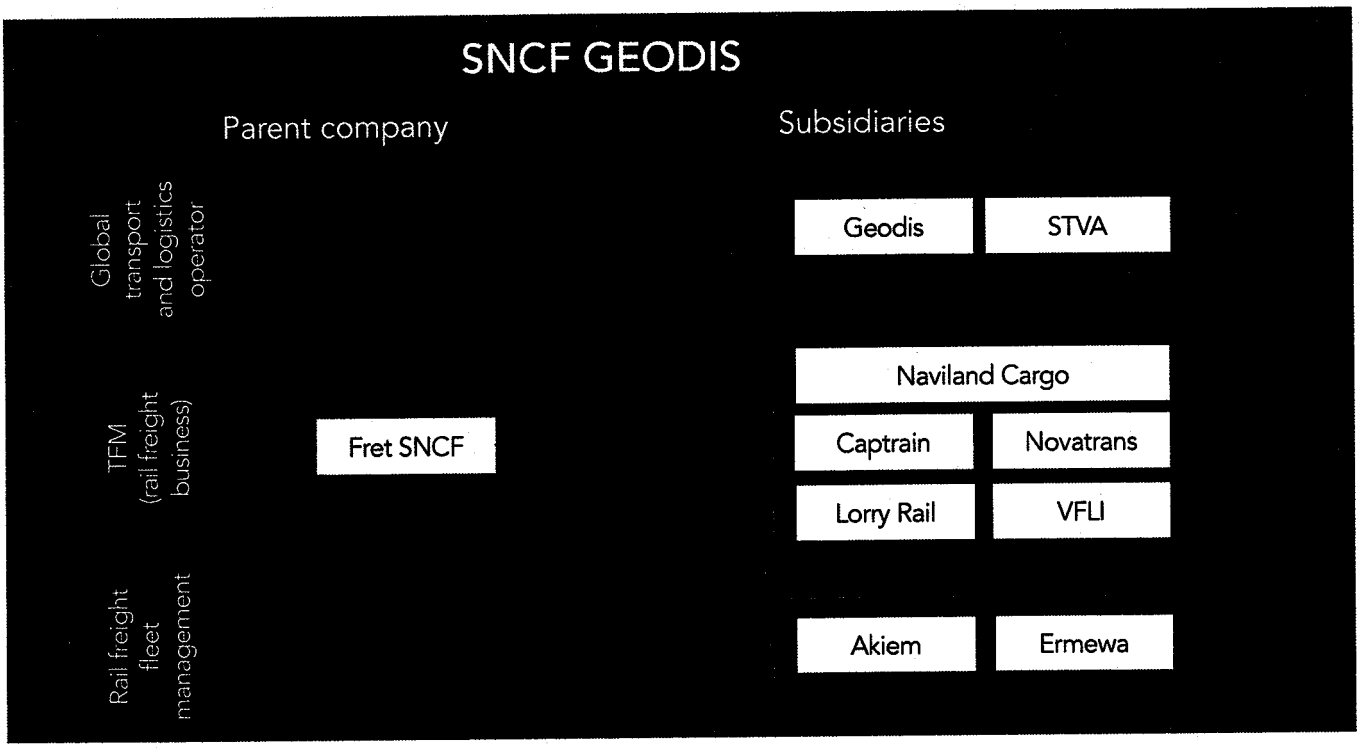
– a highly negative impact of the new timetables and network engineering on the performance of domestic TGV® activity;

– a 1.5 percent rise in VAT in January 2012, which should have a negative impact on revenue;

– a slowdown in the economic climate due to the financial crisis, with a risk of greater decline in 2012;

– an increase in production factor costs, primarily infrastructure fees and energy expenses.

2-4 SNCF GEODIS DIVISION



The SNCF Geodis division includes a full range of transport and freight logistics businesses.

In € millions	2011	2010	Change
Revenue	9,427	8,890	538
Gross profit	237	104	133
Gross profit/revenue	*2.5%*	*1.2%*	
Current operating profit	-214	-287	73
Equity-financed intangible asset and PP&E investments	-384	-472	88

Highlights

— In 2011, the SNCF Geodis division pursued the roll-out of its master development plan for Environmentally Friendly Rail Freight and the set-up of the MultiWagon/MultiCustomer programme.

— A roundtable discussion gathering all rail freight operators took place on 30 May 2011. Its purpose was to identify the barriers that must be removed in order to meet the 25% target for alternative transport to road by 2022. The government confirmed a series of measures intended to remove constraints to the development of rail freight in the short-term.

— The consolidation as of January 2011 of Lorry-Rail in the division's accounts strengthened the Multi-Modal division.

— The division continued its commercial development and innovation in Parcel Delivery and Express:

– launch of Distripolis, a new urban logistics entity. This means of organising urban rail freight was set up in connection with the Grenelle Environment Roundtable and is designed to develop more environmentally-friendly last-kilometre logistic;
– Geodis and Kiala, the leading network of pick-up points in Europe covering five countries, joined forces to offer their customers a global transport and delivery service through a network of local relays.

— The following Group structure operations completed the Global Offering:
- One Source Logistics (OSL), a road transport organiser in the United States;
- Pharmalog, a pharmaceuticals distribution and logistics company;
- Night delivery business purchased from GLS by Geodis Ciblex in the optics and spare parts market.

2011 results

— Revenue

2011 revenue increased by €538 million (+6.0%), compared to 2010, due to:
- a Group structure impact of +€251 million *(the breakdown of changes in Group structure is shown in Note 1.1),*
- a foreign exchange impact of -€4 million.

On a constant Group structure and exchange rate basis, revenue increased by 3.3% (+€291 million).

This growth was driven by the Parcel Delivery and Express (+€85 million), Logistics (+€59 million) and Supply Chain Optimisation (+€59 million) activities of Geodis, rail carriers (+€92 million) and rail freight fleet managers (+€49 million). Fret SNCF revenue dropped slightly by €15 million.

— Gross profit

The €133 million increase in gross profit was attributable to a Group structure impact of €10 million.

On a constant Group structure basis, gross profit increased by €123 million, of which €40 million for the Global Offering and €68 million for the Rail Freight division, primarily due to Fret SNCF cost control.

— Current operating profit

On a constant Group structure and exchange rate basis, current operating profit increased by €75 million; The rise in gross profit (+€123 million) was partly offset by the increase in net provision movements (€63 million).

— Equity-financed investments

The €88 million decrease in equity-financed investments (€116 million on a constant Group structure and exchange rate basis) concerned Fret SNCF for €63 million (end of BB 76000/75000 rolling stock acquisitions) and Captrain (acquisition in 2010 of electric locomotives for €52 million).

2012 outlook

Fiscal year 2012 will be marked by continued business growth and confirmation of an improvement in profitability across all divisions and activities, particularly:

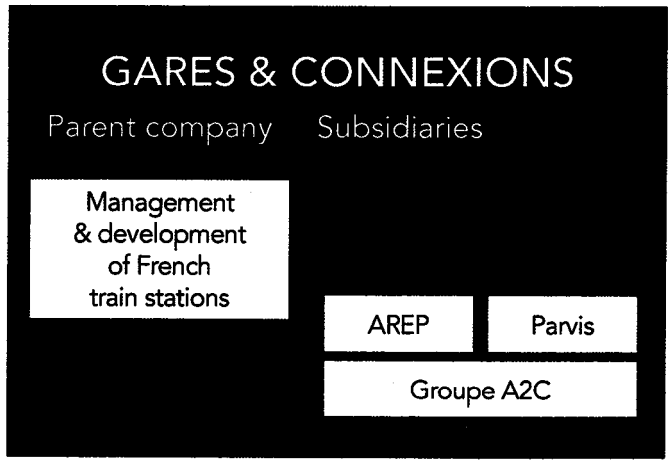
— Geodis: revenue growth driven by the Freight Forwarding (market share gains), Parcel Delivery and Express and Supply Chain Optimisation (SCO) entities.

— Rail carriers: turnaround in margins due to the measures undertaken at Captrain and ITL.

— Rail freight fleet management: sustained high profitability despite limited investments.

2-5 GARES & CONNEXIONS DIVISION

Created on 1 January 2010, the aim of this fifth division is to introduce innovative services into stations, while inventing new areas of mobility for towns and cities. The main subsidiaries included in this division are the AREP group (architecture and urban planning), the A2C group (commercial enhancement of stations) and Parvis.



In € millions	2011	2010	Change
Revenue	1,166	1,134	32
Gross profit	175	175	0
Gross profit/revenue	*15.0%*	*15.5%*	
Current operating profit	64	76	-12
Equity-financed intangible asset and PP&E investments	-135	-128	-7

Highlights

— The division continued to develop Multimodal Exchange Hubs with the signature of financing agreements for the Cannes and Nice hubs and the inauguration of the Cagnes-sur-Mer hub; these facilities are co-financed by the regions, general regional councils, the French State and SNCF.

— A call for tenders for the installation of business centres in stations (Bordeaux, Nancy, Le Mans, Angers, Amiens and Lille-Flandres) was initiated in the first half of 2011.

— Major projects were carried out by the division in 2011 regarding the renovation of the Paris-Saint-Lazare, Paris-Gare-de-Lyon and Bordeaux-Saint-Jean stations as well as the construction of two new stations on the Rhin-Rhône high-speed line.

— A research agreement was signed with RFF and Société du Grand Paris for 30 interconnection stations concerned by the future Grand Paris network.

— AREP signed an agreement on the design of the urban landscape for the Skolkovo innovation centre located 15 km from Moscow.

— Under its jurisdiction defined by the Law of 1 December 2010, the Rail Activity Regulation Authority was asked to express an opinion on the accounting separation rules for Gares & Connexions. It subsequently asked SNCF to submit proposed accounting separation rules after taking into account its observations. In order to comply with the target net debt/gross profit ratio of 4, the Board of Directors of 16 February 2012 was asked to increase the equity of Gares & Connexions as of 1 January 2012.

2011 results

— Revenue

Revenue increased by €32 million (+2.9%), mainly due to the rise in basic services invoiced to rail companies.

— Gross profit

Gross profit remained stable in 2011.

— Current operating profit

Current operating profit declined by €12 million, due to the increase in depreciation and amortisation charges on fixed installations.

— Equity-financed intangible asset and PP&E investments

Equity-financed intangible asset and PP&E investments did not change significantly in 2011; they mainly concerned the renovation of Paris-Lyon and Paris-Saint-Lazare stations and the construction of new stations for the Eastern section of the Rhin-Rhône high-speed line.

2012 outlook

— The start of fiscal year 2012 will be marked by the opening of businesses in the Paris-Saint-Lazare station and the yellow platform at the Paris-Gare-de-Lyon station, resulting in higher concession gains. Other commercial developments are underway in Lille, Paris-Nord and Montpellier.

— In fiscal year 2012, a new management model will be set up for Ile-de-France regional stations. Invoicing will be based on a flat rate including the enclosure, capital charges, fluids, taxes, structural costs and return on capital. At the same time, Gares & Connexions will transfer to Transilien the basic services paid by other carriers, internal rents and concession gains. The development of concessions will be shared between Transilien and Gares & Connexions.

2-6 COMMON OPERATIONS AND INVESTMENTS

Common Operations and Investments encompasses the Group's support functions, the Equipment and Traction service providers, the Real Estate activities (Real Estate Department, ICF, SNEF) and a few subsidiaries and affiliates such as SeaFrance.

In 2011, the Equipment activity continued to implement measures in order to improve the safety, availability and reliability of rolling stock:

— winter-proofing of BB 26000 locomotives and TGV and TER equipment to prevent breakdowns due to adverse weather conditions;

— installation of a mechanism designed to prevent blockages on 100 RER D trains;

— the TER robustness plan to secure equipment reliability gains on problematic lines;

— finalisation of the Impact TGV® Sud Est plan in order to enhance the service quality, punctuality and reliability of the Sud-Est line.

The main objectives of the "2012 Performance" programme are as follows:

— guarantee the fundamental characteristics of the business, which are safety, reliability, availability and cost control;

— improve the overlap between maintenance and operating activities, by being attentive to the diverse expectations of its customers;

— continue its industrial transformation, by aiming for the highest level of technical expertise and constantly improving the efficiency of its teams;

— win external market shares in France and abroad.

3 INTANGIBLE ASSET AND PP&E INVESTMENTS AND NET DEBT

3-1 INTANGIBLE ASSET AND PP&E INVESTMENTS

In € millions	2011	2010	Change	
Equity-financed intangible asset and PP&E investments	-2,321	-2,127	-194	9%
Net disposals	478	533	-55	-10%
Equity-financed intangible asset and PP&E investments, net of disposals	**-1,843**	**-1,594**	**-249**	**16%**

Equity-financed intangible asset and PP&E investments rose by +€194 million compared to 2010, to €2,321 million. On a constant Group structure and exchange rate basis, the increase totalled €124 million; the decrease in investments recorded by SNCF Geodis (2010 having been marked by the acquisition of electric locomotives by Captrain and diesel locomotives by Fret SNCF) was more than offset by the increase recorded by other Group divisions, particularly SNCF Voyages (renewal of Eurostar and TGV® trains) and SNCF Proximités (Francilien equipment and investments made by Keolis).

The €55 million decline in net disposals was attributable to the sale of high voltage lines to RTE in 2010 (€80 million), partly offset by a rise in property sales (construction leases and buildings at rue de Saussure and rue du Charolais in Paris).

3-2 GROUP NET DEBT

In € millions	31/12/2011	31/12/2010	Change
Non-current debt	15,521	16,386	-865
Non-current receivables	-5,915	-6,771	856
Net non-current debt	**9,606**	**9,615**	**-9**
Current debt	5,418	5,985	-567
Current receivables	-6,695	-7,101	405
Net current debt	**-1,277**	**-1,116**	**-161**
Net debt	**8,329**	**8,499**	**-170**
Gearing	*1.2*	*1.2*	

Net debt amounted to €8.3 billion as at 31 December 2011, for a gearing of 1.2 (stable compared to the end of 2010).
Net debt as a percentage of gross profit decreased from 3.9% at the end of 2010 to 2.8% at the end of 2011.
The €0.2 billion decrease in net debt compared to 31 December 2010 breaks down as follows:

Opening net debt	8,499
Cash from operations	-2,148
Equity-financed investments (including concession financial assets)	2,364
Net disposals	-478
Net external growth	134
Change in operating WCR	-44
Changes in fair value, amortised cost, translation difference	-4
Other	6
Closing net debt	**8,329**

3-3 FINANCING SOURCES AND DEBT MANAGEMENT

Non-current and current debt decreased by €0.9 billion and €0.6 billion, respectively.

These decreases were mainly due to:

– new financing sources of €1.1 billion; two bond issues in the amount of €0.9 billion and subscription of loans with the European Investment Bank (EIB) in the amount of €0.2 billion;

– loan repayments of €1.2 billion; two Eurofima loans in the amount of €0.4 billion, two loans with the EIB in the amount of €0.3 billion and two bonds in the amount of €0.2 billion;

– changes in the fair value of financial liabilities in the amount of €0.6 billion;

– decrease in cash liabilities in the amount of €1.9 billion.

The parent company is responsible for managing most of the Group's net debt and carried 87% of the Group's external debt as at 31 December 2011.

The SNCF Group's long-term debt is rated as follows by the main rating agencies:

	Long-term rating	Outlook	Report date
Standard & Poor's	AA	Negative	17-Jan.-12
Moody's	Aa1	Stable	1-July-11
Fitch	AAA	Negative	20-Dec.-11

Non-current and current receivables decreased by €0.9 billion and €0.4 billion, respectively, mainly due to:

- the maturities of the CDP receivable (€0.1 billion);
- the maturities of the RFF receivable (€0.1 billion);
- changes in the fair value of financial assets for €0.6 billion;
- decrease in cash by €0.8 billion;
- decrease in marketable securities for €0.9 billion.

3-4 GROUP EXPOSURE TO MARKET RISKS

The management of market risks is governed by a general framework, approved by the SNCF Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the 2011 consolidated financial statements.

4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RATIOS

In € millions	31/12/2011	31/12/2010
Goodwill	1,672	1,607
Intangible assets	1,416	1,430
Property, plant and equipment	16,658	16,976
Non-current financial assets	6,265	7,049
Investments in associates	498	373
Deferred tax assets	1,112	1,094
Non-current assets	**27,621**	**28,528**
Operating assets	7,744	7,422
Current financial assets	2,793	2,392
Cash and cash equivalents	3,902	4,708
Current assets	**14,440**	**14,522**
Assets classified as held for sale	1	337
Total assets	**42,062**	**43,387**
Share capital	4,971	4,971
Consolidated reserves	1,893	1,237
Net profit for the year	125	697
Equity attributable to equity holders of the parent	**6,989**	**6,905**
Non-controlling interests (minority interests)	69	80
Total equity	**7,058**	**6,985**
Non-current employee benefits	1,695	1,752
Non-current provisions	867	950
Non-current financial liabilities	15,521	16,386
Deferred tax liabilities	437	468
Non-current liabilities	**18,519**	**19,557**
Current employee benefits	136	83
Current provisions	215	209
Operating payables	10,711	10,196
Operating liabilities	**11,062**	**10,489**
Current financial liabilities	5,418	5,985
Current liabilities	**16,480**	**16,473**
Liabilities directly associated with assets classified as held for sale	4	372
Total equity and liabilities	**42,062**	**43,387**
Gearing (Net debt / Equity)	*1.2*	*1.2*
Net debt / Gross profit	*2.8*	*3.9*

The statement of financial position recorded the following changes between 31 December 2010 and 31 December 2011:

– the decline in net property, plant and equipment was partly attributable to the asset impairments recorded during the year;

– the increase in investments in associates was due to the creation of the new Systra group in the amount of €119 million as at 30 June 2011 *(see Note 1.3 Major events of the year)*;

– an increase in working capital requirement for €192 million;

– the increase in equity attributable to equity holders of the parent which mainly included the net profit for the period (€125 million);

– the decline in provisions in line with the RTE litigation settlement for €106 million.

The changes in financial assets and liabilities are analysed in *Note 3.3.*

5 FINANCIAL RELATIONS WITH THE FRENCH STATE, RÉSEAU FERRÉ DE FRANCE AND LOCAL AUTHORITIES

SNCF receives:

– public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework,

– (in addition to operating and investment grants primarily received for the activities of the SNCF Proximités division) compensation for off-balance sheet financial and social security expenses. This compensation is based on European Union regulations intended to equalise competition conditions between rail and other forms of transport.

5-1 PUBLIC SERVICE ORDERS

In € millions	31/12/2011	31/12/2010	Change
Compensation of IM by RFF	3,070	2,925	145
including traffic and circulation management	*847*	*921*	*-74*
including track and asset management	*2,223*	*2,004*	*219*
Work for RFF	1,561	1,486	75
Total RFF	**4,631**	**4,411**	**220**
Compensation for regional rates	429	378	51
Services for the Organising Authorities	3,781	3,581	200
Total Regions and STIF	**4,210**	**3,959**	**251**
Newspapers	5	5	0
Socially-motivated prices	65	68	-3
Defence	166	189	-23
Trains d'Équilibre du Territoire (TET) (balancing of regional train service)	208	0	208
Total French State	**443**	**262**	**181**
Total	**9,285**	**8,632**	**653**

5-1-1 Services for RFF

The increase in the compensation of the Infrastructure Manager (IM) stems from the renegotiation of the network maintenance and operation agreements entered into with RFF.

The increase in work for RFF (+€75 million) was primarily due to:

– the rise in invoicing relating to the supply agreement, as a result of the contract entered into with RFF regarding the 2009 and 2010 supply agreements;

– higher production volumes with regard to project management and subcontracting.

5-1-2 Services for the Regions and STIF

The +€201 million increase in these services compared to 2010 was primarily due to the rise in services invoiced at a flat rate to the Organising Authorities.

5-1-3 Services for the French State

The increase in services for the French State was mainly attributable to the new *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement.

5-2 GRANTS AND COMPENSATION FOR FINANCIAL AND SOCIAL SECURITY EXPENSES

Public contributions granted to the Group by the State and local communities are presented in the following table:

In € millions	31/12/2011	31/12/2010	Change
Operating grants	49	59	-11
Payments received for financial assets related to service concession arrangements	232	234	-2
Investment grants relating to property, plant and equipment and intangible assets	93	692	-599
Total	**374**	**985**	**-611**

5-2-1 Public contributions included in profit or loss

Operating grants
These are mainly grants of a social nature paid to companies by the French State in connection with its employment policy.

5-2-2 Other payments received with no impact on profit or loss

Payments received for financial assets related to service concession arrangements and investment grants received
SNCF receives investment grants in the form of third-party financing, primarily from local authorities, for rolling stock.

In accordance with IFRIC 12, grants received as part of a service concession arrangement are presented in the statement of financial position as a deduction from the intangible assets or financial assets, according to the applicable model, following the analysis of each concession agreement. With regard to financial assets related to service concession arrangements, the grants received are considered as a means of reimbursing such assets.

In the income statement, investment grants relating to intangible assets and property, plant and equipment are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

6 EMPLOYEE MATTERS

6-1 AVERAGE WORKFORCE

	31/12/2011	31/12/2010[1]	Change		Change on a constant Group structure basis [2]	
SNCF Infra division	52,053	53,037	-2%	-984	-0%	-183
SNCF Proximités division	63,171	57,584	+10%	5,587	+3%	1,544
including Keolis group	*46,899*	*41,575*	*+13%*	*5,324*	*+3%*	*1,281*
SNCF Voyages division	26,551	26,998	-2%	-447	-2%	-471
SNCF Geodis division	47,309	47,192	+0%	117	-1%	-430
including Geodis group	*30,594*	*29,385*	*+4%*	*1,209*	*+2%*	*671*
Gares & Connexions	1,658	1,420	+17%	237	+17%	237
Common operations and investments	54,349	54,747	-1%	-398	-1%	-296
Total	**245,090**	**240,978**	**+2%**	**4,112**	**+0%**	**401**

(1) Workforce adjusted for the transfer of Téoz from SNCF Voyages to SNCF Proximités.

(2) Impacts of changes in Group structure:
- SNCF Infra division: creation of the new Systra group (-801);
- SNCF Proximités division: takeover of Keolis on 1 February 2010 (workforce of one month, i.e. +3,890) and Keolis acquisitions in the United States and Belgium (+153);
- SNCF Voyages division: investments in Expretio and Westbahn (+24);
- SNCF Geodis division: primarily the acquisitions of Giraud and Ciblex (+547);
- Common operations and investments: deconsolidation of SeaFrance (-102).

Excluding changes in group structure, material changes in employee numbers concern:
- a decrease in employee numbers in the SNCF Infra (-183) and SNCF Voyages (-471) divisions as a result of productivity gains;
- an increase in employee numbers in the SNCF Proximités division due to the growth of Keolis, particularly in Sweden;
- a decrease in employee numbers in the SNCF Geodis division (-430); the impact of the reorganisational measures undertaken within Fret SNCF was partially offset by the increase in Geodis employee numbers, as a result of its business growth;
- an increase in employee numbers in Gares & Connexions (+237), whose structure has been expanding since its creation on 1 January 2010;
- a decrease in employee numbers in Common Operations and Investments (-296), especially at SeaFrance.

Changes in subsidiary employee numbers over recent years primarily reflect changes in group structure:

	2011	2010	2009	2008	2007
Parent company[1]	156,047	157,894	161,771	163,485	166,213
Subsidiaries	89,043	83,084	38,326	37,854	35,332
Total	**245,090**	**240,978**	**200,097**	**201,339**	**201,545**

(1) including seconded employees.

6-2 MAIN AGREEMENTS SIGNED IN 2011

The main agreements signed in 2011 were as follows:

- agreement on wage increases signed on 10 May 2011,

- agreement on the convergence of office-based employee work bonuses signed on 10 May 2011,

- agreement promoting the employment of disabled employees - 2012 to 2015 signed on 6 December 2011.

7 2012 CHALLENGES AND OUTLOOK

Business forecasts for 2012 show an economic downturn in the Euro zone, with ongoing major uncertainties, considering the debt crisis, main commodity prices and main currency and interest rate fluctuations.
The year 2012 was impacted by the implementation of the 2012 Annual Service regarding rail activities in France with engineering work undertaken on the network.

In this unfavourable general context, in 2012 it will be necessary to:

- continue with the systematic resolution of all structural problems,

- continue to cut costs and optimise investments,

- and adapt resources to the 2012 annual service to satisfy passenger requirements (improved safety and welcome for customers).

Although the Group has advanced slightly in its market strategy of regaining a long-term sound financial position, on an overall basis and for each division, by 2015, its objective is still to obtain as soon as possible a Group ratio of gross profit over estimated revenue of between 10% and 12% to satisfy the recurring investment requirements that are essential to ensuring service quality and growth.

* * *

The major national debate over French rail transport *(les Assises du ferroviaire)*, which took place in the autumn of 2011, will lay the groundwork for a consistent general rail reform that could be introduced in the near future.

Nevertheless, the developments defined by this groundwork are currently being reworked by the various stakeholders.
In this context, SNCF is defending its view in favour of unifying infrastructure management activities within the SNCF Group, the linchpin operator, in order to enhance the system's operational and economic performance.

CORPORATE GOVERNANCE

1 BOARD OF DIRECTORS

The **Board of Directors** of the industrial and commercial public enterprise SNCF comprises eighteen members:

— Seven representatives of the French State appointed by decree, based on the report of the Transport Minister:

- two at the recommendation of the Transport Minister;
- one at the recommendation of the Minister for Economy and Finance;
- one at the recommendation of the Budget Minister;
- one at the recommendation of the Minister for Planning and Regional Development;
- one at the recommendation of the Minister for Industry;
- the Chairman of the Board appointed from among the directors and at their recommendation by a Council of Ministers' decree.

— Five members chosen for their expertise and appointed by decree:

- a representative of passengers;
- a representative of shippers;
- two local councillors chosen for their knowledge of regional, department and local rail-related matters;
- an individual chosen for his personal expertise in the transport sector.

— Six members, including a management representative, elected by employees of the company and its subsidiaries having a minimum workforce of 200 members.

A Council of State *(Conseil d'État)* decree lays down the parent company bylaws and sets the procedures for the appointment and election of Board members.

Board members are appointed for a five-year term of office. A director may not exercise more than three consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner, has an advisory seat on the Board and all committees and commissions created.

The Head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.

The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board. The Board of Directors holds at least ten meetings annually.

Since its renewal in February 2008, the Board of Directors now has six committees:

— **Strategic Committee**, responsible for reviewing the annual and long-term strategic and financial directions of the parent company and the Group, as well as Group structure operations;

— **Audit and Risk Committee**, responsible for reviewing the annual and half-yearly financial statements, risk mapping and the annual internal audit work programme;

— **Contracting Committee**, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

— **Passengers Committee**, responsible for monitoring of rail transport agreements between local authorities, public institutions and SNCF, and more generally overall passenger problems;

— **Transport and Logistics Committee**, responsible for reviewing the activity and strategies of the SNCF Geodis division;

— **Economic and Social Cohesion Committee**, responsible for informing the Board of the social and human challenges of the company's main transformation projects and, more generally, its strategy.

2 MANAGEMENT TEAM

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name. The Executive Committee has sixteen members (including the Chairman).

SNCF GROUP CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

IFRS In millions of euros
SNCF – 34 rue du Commandant René Mouchotte – 75014 Paris

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

In € millions	Notes	31/12/2011	31/12/2010
Goodwill	5	1,672	1,607
Intangible assets	6	1,416	1,430
Property, plant and equipment	7	16,658	16,976
Non-current financial assets	9	6,265	7,049
Investments in associates	11	498	373
Deferred tax assets	31	1,112	1,094
Non-current assets		**27,621**	**28,528**
Inventories and work-in-progress	13	907	905
Operating receivables	14	6,837	6,517
Operating assets		**7,744**	**7,422**
Current financial assets	9	2,793	2,392
Cash and cash equivalents	15	3,902	4,708
Current assets		**14,440**	**14,522**
Assets classified as held for sale	23	1	337
Total assets		**42,062**	**43,387**

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED LIABILITIES AND EQUITY

In € millions	Notes	31/12/2011	31/12/2010
Share capital	16	4,971	4,971
Consolidated reserves		1,893	1,237
Net profit/(loss) for the year		125	697
Equity attributable to equity holders of the parent		**6,989**	**6,905**
Non-controlling interests (minority interests)	16	69	80
Total equity		**7,058**	**6,985**
Non-current employee benefits	17	1,695	1,752
Non-current provisions	18	867	950
Non-current financial liabilities	19 to 21	15,521	16,386
Deferred tax liabilities	31	437	468
Non-current liabilities		**18,519**	**19,557**
Current employee benefits	17	136	83
Current provisions	18	215	209
Operating payables	22	10,711	10,196
Operating liabilities		**11,062**	**10,489**
Current financial liabilities	19 to 21	5,418	5,985
Current liabilities		**16,480**	**16,473**
Liabilities associated with assets classified as held for sale	23	4	372
Total equity and liabilities		**42,062**	**43,387**

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

In € millions	Notes	31/12/2011	31/12/2010
Revenue	24	**32,645**	**30,466**
Purchases and external charges	25	-15,952	-15,224
Employee benefits expense	26	-12,603	-12,154
Taxes and duties other than income tax		-1,104	-1,072
Other operating income and expenses		34	147
Gross profit		**3,020**	**2,163**
Depreciation and amortisation	27	-1,686	-1,534
(Charge to)/reversal of provisions		-79	-97
Current operating profit		**1,255**	**531**
Net proceeds from disposals of assets	29	293	268
Positive impacts of Group structure operations	4	113	586
Impairment losses	28	-840	23
Operating profit/(loss)		**821**	**1,409**
Net borrowing costs and other	30	-294	-305
Finance cost of employee benefits	17	-65	-53
Finance costs		**-359**	**-358**
Net profit/(loss) before tax from ordinary activities		**463**	**1,051**
Share of profit of associates	11	4	6
Income tax expense	31	-295	-95
Net profit/(loss) from ordinary activities		**171**	**962**
Net profit/(loss) from discontinued operations	23	-21	-240
Net profit/(loss) for the year		**150**	**722**
Net profit/(loss) for the year attributable to equity holders		**125**	**697**
Net profit for the year attributable to non-controlling interests (minority interests)		25	25

Earnings per share are neither calculated nor presented in the Group consolidated financial statements since the Group is excluded from the scope of IAS 33 Earnings per Share and the parent company's capital comprises contributions from the French State and not shares *(see Note 16.1)*.

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € millions	Notes	31/12/2011	31/12/2010
Net profit/(loss) for the year		150	722
Other comprehensive income:			
Change in foreign currency translation		27	53
Change in value of available-for-sale assets	21	5	13
Change in fair value of cash flow hedges	21	-8	46
Share of other comprehensive income of associates		-2	-1
Tax relating to other comprehensive income	31	-2	-4
Other comprehensive income for the period net of tax		**19**	**107**
Total comprehensive income for the period		**170**	**829**
Total comprehensive income attributable to equity holders of the parent		**142**	**796**
Total comprehensive income attributable to non-controlling interest (minority interests)		27	33

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Additional paid-in capital	Treasury shares	Group translation reserves	Cash flow hedging	Available-for-sale assets	Reserves of discontinued operations	Net accumulated profit and other	Equity attributable to equity holders of the parent	Non controlling interests (minority interests)	Total equity
Equity published as at 01/01/10	**4,971**	**0**	**-5**	**0**	**-114**	**-11**	**-67**	**1,743**	**6,516**	**78**	**6,596**
Opening adjustment	-	-	-	-	-	-	-	15	15	-1	14
Impact of changes in accounting method	-	-	-	-	-	0	-	-	-	-	0
Equity published as at 01/01/10	**4,971**	**0**	**-5**	**0**	**-114**	**-11**	**-67**	**1,759**	**6,533**	**78**	**6,610**
Net profit / (loss) for the year	-	-	-	-	-	-	-240	937	697	25	722
Other comprehensive income	0	0	-	48	40	13	-	-2	100	8	107
Total comprehensive income	**0**	**0**	**-**	**48**	**40**	**13**	**-240**	**935**	**796**	**33**	**829**
Dividends paid	-	-	-	-	-	-	-	-	-	-	0
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-9	-9
Capital transactions	-	-	-	-	-	-	-	2	2	3	6
Other movements	0	-	5	3	0	0	46	-482	-428	-24	-452
Equity published as at 31/12/2010	**4,971**	**0**	**-**	**51**	**-74**	**3**	**-262**	**2,214**	**6,904**	**80**	**6,984**
Equity published as at 01/01/11	**4,971**	**0**	**-**	**51**	**-74**	**3**	**-262**	**2,215**	**6,904**	**80**	**6,984**
Net profit / (loss) for the year	-	-	-	-	-	-	-21	146	125	25	150
Other comprehensive income	0	-	-	25	-10	5	-	-2	17	2	19
Total comprehensive income	**0**	**-**	**-**	**25**	**-10**	**5**	**-21**	**144**	**143**	**27**	**170**
Dividends paid	-	-	-	-	-	-	-	-69	-69	-	-69
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-7	-7
Capital transactions	-	-	-	-	-	-	-	0	0	6	6
Other movements	0	0	-	2	0	0	270	-261	11	-37	-26
Equity published as at 31/12/2011	**4,971**	**0**	**-**	**78**	**-84**	**7**	**-13**	**2,028**	**6,989**	**69**	**7,059**

A dividend for 2010 was approved and paid to the State in September 2011 for €69 million.
The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Notes	31/12/2011	31/12/2010
Net profit/(loss) for the year		**150**	**722**
Eliminations of:			
share of profit of associates	IS	-4	-6
deferred tax expense (income)	IS	-57	-30
depreciation, amortisation and provisions		2,486	1,566
revaluation gains/losses (fair value)		-15	45
net proceeds from disposals and gains and losses on dilution	IS	-413	-869
Other non-cash income and expenses		0	3
Cash from operations net of borrowing costs and taxes		**2,148**	**1,431**
Eliminations of:			
corporate income tax expense (income)	31	353	127
net borrowing costs		315	272
dividend income		-8	-7
Cash from operations before net borrowing costs and taxes		**2,807**	**1,823**
Impact of change in working capital		44	525
Taxes paid		-289	-62
Net cash from operating activities		**2,563**	**2,286**
Acquisitions of subsidiaries net of cash acquired		-74	-141
Disposals of subsidiaries net of cash transferred Disposals[1]		11	0
Purchases of intangible assets and property, plant and equipment	7	-2,624	-2,817
Disposals of intangible assets and property, plant and equipment		478	533
New financial assets related to service concession arrangements		-276	-242
Payments received for financial assets related to service concession arrangements		232	234
Purchases of financial assets		-10	-17
Disposals of financial assets		4	1
Changes in loans and receivables	15	238	439
Changes in cash assets	15	617	-56
Receipt of investment grants		326	692
Dividends received		14	9
Net cash used in investing activities		**-1,065**	**-1,364**

In € millions	Notes	31/12/2011	31/12/2010
Cash from equity transactions	Change in equity	6	-55
Issue of debt instruments	15	1,437	1,922
Repayments of borrowings and the RFF receivable[2]	15	-1,387	-2,280
Net borrowing costs paid		-293	-238
Dividends paid to Group shareholders	Change in equity	-69	0
Dividends paid to minority interests	Change in equity	-7	-12
Increase/(decrease) in cash borrowings	15	-1,852	478
Changes in derivatives	15	-20	-30
Net cash used in financing activities		**-2,185**	**-215**
Effects of exchange rate changes		8	6
Impact of changes in accounting policies		-6	-10
Impact of changes in fair value		0	0
Increase (decrease) in cash and cash equivalents		**-686**	**703**
Opening cash and cash equivalents	15	4,346	3,643
Closing cash and cash equivalents	15	3,660	4,346

(1) Relating to the creation of the new Systra (see Note 4).
(2) Of which €106 million on the RFF receivable (€57 million in 2010) and €83 million on the CDP receivable (€1,192 million in 2010).

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes presented on pages 40 to 128 are an integral part of these consolidated financial statements.

All amounts are in millions of euros (€ millions), unless stated otherwise.

1 ACCOUNTING STANDARDS BASE

Pursuant to Article L2141-10 of the French Transport Code of 28 October 2010, which supersedes Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982, Société Nationale des Chemins de fer Français (SNCF), a state-owned industrial and commercial institution "is subject to the financial management and accounting rules applicable to commercial companies". SNCF keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The consolidated financial statements for the year ended 31 December 2011 were approved by the Board of Directors on 16 February 2012.

The terms "SNCF Group," the "Group" and "SNCF" designate the SNCF parent company EPIC and its consolidated subsidiaries. The State-owned institution (EPIC) SNCF, "SNCF EPIC" and "the SNCF" refer solely to the parent company.

1-1 Accounting Rules And Methods

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of SNCF Group for the year ended 31 December 2011 have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union as at this date. The IFRS framework as adopted in the European Union may be consulted on the European Commission website: (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

1-1-1 Presentation of standards and interpretations applied in the preparation of the 2011 consolidated financial statements

The basis of preparation of the 2011 consolidated financial statements detailed in the following notes is the result of:

– standards and interpretations of mandatory application for financial years commencing on or before 1 January 2011;

– elected options and exemptions applied in the preparation of the 2011 consolidated financial statements. These options and exemptions are described in *Note 1.1.2.*

1-1-1-1 Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2011

The following amendments arising from the 2010 annual improvements had no material impact on the consolidated financial statements:

– IAS 24 "Related Party Disclosures", applicable to financial periods commencing on or after 1 January 2011.
The amendment clarifies the definition of a related party and stipulates specific disclosure exemptions for State-controlled entities. This standard had no impact on the consolidated financial statements.

– IFRIC 13 "Customer Loyalty Programmes" was partially amended to consider discounts or incentives when determining the fair value of award credits and not solely the fair value of awards offered to clients who had not earned credits on the initial sale. This amendment had no material impact on the consolidated financial statements

– IFRS 7 "Financial Instruments: Disclosures" was amended for the portion relating to the nature and extent of risks arising from financial instruments. The amendments published in May 2010 by the IASB and approved by the European Commission on 19 February 2011 are applicable to financial periods commencing on or after 1 January 2011. Pursuant to these amendments,

the Group provided disclosures in the Counterparty risk management note *(see Note 21.1.4)*. There was no other impact on the consolidated financial statements.

The other amendments, standards, and interpretations, published and applicable on or after 1 January 2011, had no impact on the Group consolidated financial statements.

1-1-1-2 Standards and interpretations not adopted in advance for the preparation of the 2011 consolidated financial statements

The Group has generally not opted for the early application of the standards and interpretations applicable to financial periods commencing on or after 31 December 2011 regardless of whether they were adopted by the European Commission. Specifically, the Group has not applied the following standards and interpretations for fiscal year 2011:

– IFRS 7 "Financial Instruments: Disclosures" was amended for the portion relating to the transfers of financial assets. The amendments published on 7 October 2010 by the IASB and adopted on 22 November 2011 by the European Commission are applicable to financial periods commencing on or after 1 July 2011, i.e. fiscal year 2012 for the SNCF Group. The amendments call for additional disclosures in the notes for financial asset transfers (transfers of receivables for example) in order to better understand the transaction carried out, its potential consequences on the financial statements and the nature of the risks and rewards conserved by the transferor.

– IAS 1 "Presentation of financial statements" amended for the portion relating to the presentation of other comprehensive income. The amendments published on 16 June 2011 have not yet been adopted by the European Commission and are applicable to financial periods commencing on or after 1 July 2012, i.e. fiscal year 2013 for the SNCF Group. The amendments call for the separate presentation of items recorded in transferable reserves and those recorded in non-transferable reserves. Likewise, the tax amounts relating to these items should be presented separately depending on whether they concern transferable reserves or non-transferable reserves.

– IFRS 10 "Consolidated financial statements" published on 12 May 2011 by the IASB and not adopted by the European Commission. The standard reiterates the IAS 27 items covering control and consolidated financial statements and supersedes SIC-12 Consolidation—Special Purpose Entities. It redefines the notion of control based on three criteria: power, exposure to variability of returns and the link between power and these returns. The scope of fully consolidated entities will be defined based on this standard. The standard will be effective for annual periods beginning on or after 1 January 2013 as set by the IASB. The impacts are currently being analysed.

– IFRS 11 "Joint Arrangements" published on 12 May 2011 by the IASB and not yet adopted by the European Commission. This standard supersedes IAS 31 on the recognition of interests in joint ventures. Interests in a net asset under joint control can no longer be proportionately consolidated but rather equity-accounted. The standard will be effective for annual periods beginning on or after 1 January 2013 as set by the IASB. The impacts are currently being analysed.

– IAS 19 "Employee Benefits" amended by the IASB in June 2011 and not yet adopted by the European Commission. Among the amendments is the elimination of both the corridor method for the recognition of actuarial gains or losses arising from defined benefit plans and the amortisation of past service costs. Actuarial gains and losses recognised for defined benefit plans are immediately recorded in non-transferable reserves over the period. In the event the plan is amended, past service costs are recorded for their full amount in profit or loss whether the rights are definitively vested or not. The amended standard modifies the method used to determine the expected rate of return on plan assets and calls for a certain number of additional disclosures in the notes regarding defined benefit plans. The standard will be effective for annual periods beginning on or after 1 January 2013 as set by the IASB. The impacts are currently being analysed.

1-1-2 Description of accounting options adopted

1-1-2-1 IFRS accounting options adopted by the Group

Certain IASB standards offer options with respect to the measurement and recognition of assets and liabilities. The Group therefore opted to:

– measure intangible assets and property, plant and equipment at amortised/depreciated historical cost and did not elect to revalue these assets at each period-end;

– record actuarial gains and losses in respect of post-employment benefits generated after 1 January 2006 in accordance with the corridor method, which provides for the amortisation of actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets over the average remaining working lives of the participating employees; it will no longer be possible to apply the corridor following the adoption of IAS 19 amended *(see Note 1.1.1.2 above)*;

– account for joint ventures using the proportionate consolidation method;

– present government grants relating to assets as a deduction of subsidised assets and no longer in liabilities in deferred income (operating payables).

1-1-2-2 Accounting positions adopted by SNCF Group, pursuant to paragraphs 10 to 12 of IAS 8 "Accounting methods, changes in accounting estimates and errors"
The accounting positions presented below are not (or only partially) covered by specific provisions of international accounting standards (or their interpretations) as adopted by the European Union. SNCF Group has established, to the best of its knowledge, accounting policies reflecting the substance of the transactions concerned.

– *Non-controlling interests (minority interests) purchase commitments*
IAS 27 revised, "Consolidated and separate financial statements", and IAS 32 revised, "Financial instruments: disclosure and presentation", as they currently stand, lead the Group to record firm and conditional non-controlling interest purchase commitments as a financial liability with an offsetting reduction in non-controlling interests. Where the commitment value exceeds the amount of non-controlling interests, the residual balance is deducted from equity. The fair value of non-controlling interest purchase commitments is revalued at each balance sheet date and the corresponding financial liability is offset in equity.

– *Individual Training Entitlement (Droit Individuel à la Formation -DIF):*
In the absence of precise IFRS guidance in the matter, the Group continues to maintain under IFRS the French GAAP treatment of the individual training entitlement (CNC emergency committee notice 2004-F of 13 October 2004). Expenditure incurred in respect of the Individual Training Entitlement is expensed for the period and no provision is recorded.

1-1-2-3 New tax regulations in France, applicable as at 1 January 2010
The 2010 Finance Act adopted in December 2009, introduced the Territorial Economic Contribution *(Contribution Économique Territoriale* or CET) to replace the local business tax *(Taxe Professionnelle).* The CET has two components: the *Cotisation Foncière des Entreprises* (CFE), assessed on the rental value of buildings, and the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), computed on the basis of the added value generated by the company. The local business tax cap based on added value has been maintained and is applied to the sum of the CFE and the CVAE. The cap has been reduced from 3.5% to 3%.

As the CET is similar to the business tax (property-based, cap based on the added value), the Group believes that at this stage, the components form an indivisible whole and that the contribution should be subject to a single accounting treatment.

Consequently, the CET will be accounted for as an operating expense, as was the case with the previous business tax.

1-1-2-4 New tax regulations in France, applicable as at fiscal year 2011
Article 65 of the 2011 Finance Act introduces two new taxes:

– The Territorial Solidarity Tax *(Contribution de Solidarité Territoriale* – CST) based on total revenue, net of State contributions compensating reduced and regulated fares, collected on the year-end due date of the tax on non-regulated passenger rail transport services and commercial services date. Taking into account its base, this tax is recorded under "Taxes and duties other than income tax" in Gross profit. Its impact amounted to €90 million for fiscal year 2011 and €100 million for fiscal year 2010.

– The tax on rail company profits *(Taxe sur le Résultat des Entreprises Ferroviaires* – TREF), based on corporate taxable income, before the allocation of tax loss carry-forwards, with respect to the last year closed before the tax due date. The tax is capped at €155 million after an initial cap of €75 million in 2010. Taking into account its base, this tax is recorded under "Income tax expense." It had an impact of €155 million on "Net profit/(loss) from ordinary activities" for fiscal year 2011 (€75 million for 2010).

In addition, Article 2 of the Amending Finance Law for 2011 provides mechanisms for the carry-forward or carry-back of losses incurred by companies subject to corporate income tax when determining taxable income for fiscal years ended on or after 21 September 2011. With respect to tax loss carry-forwards, the allocation of prior losses to the income recognised for a fiscal year is now capped at €1 million plus 60% of the taxable income of the fiscal year exceeding this initial limit. The portion of the loss that cannot be deducted from income due to the application of these provisions can still be allocated to subsequent fiscal years, under the same conditions and for

an unlimited period of time. This legislative change gave rise to a corporate income tax expense of €116 million for fiscal year 2011, with an equivalent impact on net profit from ordinary activities *(see Note 31.1.1)*.

1-2 Accounting estimates

In preparing the Group accounts, management must make estimates, as numerous items included in the consolidated financial statements cannot be valued precisely. The accounting estimates used for the 31 December 2011 financial statements were prepared under the current context of uncertainty regarding business outlooks. Management is required to revise its estimates in the event of a change in the circumstances on which they are based or as a result of new information or further experience. As such, the estimates adopted as at 31 December 2011 may be materially modified and subsequent actual results may differ materially from these estimates based on different assumptions or conditions.

These estimates and assumptions primarily concern:

– *Determination of goodwill:*
Business combinations are accounted for using fair value estimates of the assets acquired and liabilities assumed and previously held equity investments in a step acquisition are remeasured at fair value. The difference between the fair value and the acquisition cost represents goodwill.

– *Impairment of non financial assets:*
The Group performs impairment tests at least once a year on goodwill balances and intangible assets with an indefinite life. In addition, the Group assesses at each balance sheet date whether there is any indication that a non-financial asset may have lost value, necessitating the performance of a test.

These tests seek, in part, to determine a value in use or a market value less costs to sell. Value in use calculations are based on management estimates of expected future cash flows from the asset or Cash-Generating Unit (CGU), the appropriate discount rate to be used to calculate the present value of these future cash flows and the growth rate adopted. Market value calculations are based on an assessment by management of the transaction price that could be obtained for the sale of the assets tested, taking into account the current condition of such assets.

The approach adopted for the Freight business is presented in *Note 2.8*.

The methods used for impairment testing are presented in *Note 8* and the results in *Note 28*.

– *Provisions for contingencies and employee-benefit related items:*
The cost of benefits is determined using actuarial valuations based on a number of assumptions: discount rate, rate of salary increase, mortality rate and inflation. Due to the long-term nature of these plans, uncertainties relating to these assumptions are substantial and may lead to significant changes in provisions based on the changes in assumptions.

– *Income tax expense and deferred tax assets charge:*
A deferred tax asset is recognised when it is probable that the Group will generate future taxable profits against which unused tax savings may be offset. The Group's ability to recover these tax assets is analysed based on its business plan, contingencies relating to the economy and the uncertainties surrounding markets in which the Group is active. Deferred tax assets are adjusted upward or downward should there be any material change in future Group tax results, the adjustment being offset in the income statement.

– *Provisions for environmental risks:*
The Group records a provision for environmental risks when there exists a legal or implicit obligation towards a third party that can be reliably measured and which would result in an outflow of resources.

Amounts recorded for site decontamination are based on the best possible estimate resulting from year-end assessments and take into account valuations for known risks currently being assessed.

Amounts recorded for the removal of asbestos from rolling stock correspond to the estimated costs at the end of the equipment life. These costs are determined based on the prices currently invoiced by scrap metal dealers and asbestos removers, which do not include the cost of removing the vehicle in question or the scrap sale price.

– *Derivative instruments*
The Group uses assumptions to measure the fair value of its derivative instruments. The recognition and measurement principles are described in *Note 2.16*.

– Assessment of the level of the Group's joint control in Eurostar International Limited (EIL) and the resulting consolidation method (proportionate consolidation)

Incorporated under British law, EIL was effectively created on 1 September 2010 following in-kind or cash contributions from each party, as required for EIL's activity, in return for a stake in the company's share capital. SNCF therefore holds a 55% stake in EIL, while LCR and SNCB hold 40% and 5%, respectively.

Parallel to the creation of EIL, an agreement between the three shareholders was drawn up. The agreement sets out the composition of the EIL Board of Directors, a decision-making procedure designed to protect the interests of each shareholder, a mechanism governing settlement of potential conflicts and a pre-emption right for each shareholder in the event one of them should withdraw from the arrangement.

In practice, because of the characteristics of the dispute resolution process, SNCF and LCR generally agree on all strategic decisions with neither party unilaterally imposing its point of view.

SNCF considers joint control to be the strategy that best reflects the governance instituted and its practice.

2 ACCOUNTING POLICIES

2-1 Basis of consolidation

2-1-1 Entities controlled or under significant influence

Controlled companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

Control is presumed to exist where the Group holds 50% or more of the voting rights in an entity (total of existing voting rights and potential voting rights which are immediately exercisable) or where the Group can:

– control over half the voting rights pursuant to an agreement with other investors;

– manage the financial and operating policy of the entity pursuant to a contract;

– appoint or dismiss the majority of the members of the Board of Directors or an equivalent management body;

– control the majority of the voting rights at meetings of the Board of Directors or an equivalent management body.

The profit or loss of subsidiaries is divided between the Group and the non-controlling interests based on their percentage interest even if this results in the recording of negative non-controlling interests.

Companies over which the Group exercises joint control are proportionately consolidated, in accordance with the percentage interest held by the Group. Joint control is the sharing of control over an entity operated jointly by a limited number of partners or shareholders, such that financing and operating policies are determined by mutual agreement.

Entities in which the Group exercises significant influence over financial and operating policies, but which it does not control, are equity-accounted. Significant influence is presumed to exist where the Group holds an interest of 20% or more.

The results of companies acquired or disposed of during the financial year are included in the consolidated income statement of the Group from the date control is acquired or up to the date of transfer of control, respectively.

The financial statements of fully and proportionately consolidated companies and equity associates are restated to comply with Group accounting policies. All material transactions between consolidated companies and internal profits and losses are eliminated on consolidation.

The financial statements of the companies included in the scope of consolidation are drawn up to 31 December 2011.

The list of subsidiaries is presented in *Note 37.*

2-1-2 Low-rental housing companies (ESH)

The assessment of control exercised over low-rental housing companies (*Entreprises Sociales pour l'Habitat* or ESH) is a complex issue, that must be approached with pragmatism taking into account the constraints resulting from the extremely strict regulatory framework governing low-rental housing and the focus set by SNCF for its housing policy. It would appear that consolidation is not appropriate as:

– while SNCF exercises influence over certain aspects of management of the ESH, it cannot be qualified as a controlling influence;

– the SNCF Group's decision to own the four ESH concerned is primarily based on institutional and general interest arguments and not on financial and asset ownership considerations, whether direct or indirect;

Shares in the ESH companies are therefore retained in balance sheet assets and classified in available-for-sale financial assets. A specific disclosure is provided in *Note 10.*

2-1-3 Sofiap

SNCF holds shares in a group of real-estate financing companies. Under the Socrif brand, the group comprises SNCF Habitat (a wholly owned public interest cooperative), Sofiap (a credit institution 49% held and controlled by *Crédit Immobilier de France Développement*) and Soprim (a wholly owned simplified joint stock company). SNCF Habitat and Soprim are not consolidated due to their very limited activity. In the absence of effective control, Sofiap is not consolidated. The year-end financial aggregates of this company were as follows:

– Non-current assets: €606 million (€645 million as at 31 December 2010);

– Non-current liabilities: €644 million (€434 million as at 31 December 2010).

2-2 Business combinations

2-2-1 General principles

Pursuant to the purchase method, the identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognised at their fair value at the acquisition date, except for assets classified as held for sale, which are measured at fair value less costs to sell.

Only identifiable liabilities meeting the recognition criteria of a liability or contingent liability in the acquired company are recognised at the acquisition date for the purpose of allocating the cost of the business combination. Therefore, a restructuring liability of the acquired company is only recognised for the purpose of allocating the business combination cost if, at the date of the acquisition, the acquired entity has a present obligation to perform this restructuring.

Adjustments to the fair value of assets and liabilities acquired as part of a business combination initially recognised based on provisional values (due to ongoing external valuation procedures or outstanding additional analyses), are recognised as retrospective adjustments to goodwill if they arise in the 12 months following the acquisition date. After this period, any adjustments are recognised directly in profit or loss unless they represent corrections of an error.

Purchases and disposals of non-controlling interests (minority interests) without a change in the level of control are allocated to equity.

2-2-2 Business combinations prior to 1 January 2010 (application of the former IFRS 3)

Non-controlling interests in the acquired company are measured at the proportion of the net fair value of assets and liabilities recognised.

The difference between the acquisition cost and the Group's interest in net assets acquired, at fair value, is recognised as goodwill. The acquisition costs include costs directly attributable to the acquisition.

For a step acquisition, the fair value remeasurement of the previously held acquisition is recorded in equity.

Additional considerations are recognised at fair value at the acquisition date. Adjustments to additional considerations are offset in goodwill over an indefinite period.

2-2-3 Business combinations subsequent to 1 January 2010 (application of the revised IFRS 3)

For non-controlling interests in the acquired company, the Group may choose between the partial and full goodwill methods for each combination.

– In the partial goodwill method, only the portion of goodwill attributable to the Group is recorded in the balance sheet. Non-controlling interests in the acquired company are measured at the proportion of the net fair value of assets and liabilities recognised.

– In the full goodwill method, goodwill is fully recognised. The portion attributable to non-controlling interests is included in the measurement of non-controlling interests, which are thus recorded at fair value.

Costs directly attributable to a business combination are no longer included in its cost, which is limited to the price paid to the vendor for the acquisition of the shares. These costs are expensed.

In the event of a step acquisition, the fair value remeasurement of the previously held equity interest is recognised in operating income after the gain or loss on disposal of assets.

Additional considerations are recognised at fair value on the date of acquisition. Adjustments of additional considerations are offset against goodwill, if and only if they occur during the allocation period and relate to new information on the existing situation on the date of control.

2-3 Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the period-end exchange rate method:

– balance sheet accounts are translated using exchange rates prevailing on the balance sheet date;

– income statement items are translated at the average annual rate of exchange;

– translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to Translation differences in consolidated equity.

Likewise, foreign exchange differences arising from the translation of receivables and payables that are part of the net investment in a foreign subsidiary are also recorded in Translation differences in consolidated equity. They are recorded in profit or loss upon removal of the net investment.

2-4 Translation of foreign currency transactions

Foreign currency denominated transactions are translated by the subsidiary into its functional currency at the exchange rate prevailing at the transaction date.

Monetary items in the balance sheet are retranslated at the closing exchange rate at each balance sheet date, and the resulting translation differences are recorded in profit or loss or as a separate equity component if they relate to hedging transactions qualifying as net investment or cash flow hedges under IFRS.

2-5 Service Concession Arrangements

2-5-1 Presentation of interpretation IFRIC 12

The scope of IFRIC 12 interpretation includes an arrangement whereby the assets used to provide a public service are controlled by the grantor. Control is deemed to occur when the following two conditions are met:

– the grantor controls or regulates the public service, i.e. he controls or regulates the services that must be provided with the infrastructure that is the subject of the concession, to whom it must provide them, and at what price; and

– the grantor controls the infrastructure, i.e. the grantor can acquire it at the end of the term of the arrangement.

Pursuant to IFRIC 12 interpretation, the infrastructures used cannot in these cases be recorded as property, plant and equipment in the operator's balance sheet, but rather as an intangible asset ("intangible asset model") and/or a financial asset ("financial asset model") according to the level of consideration given by the grantor:

– the "intangible asset model" applies where the operator receives a right to charge users of the public service and is paid in substance by the user, which means the operator bears a demand risk;

– the "financial asset model" applies where an operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of guarantees given by the grantor on the revenue from users of the public service. The consideration is independent of the users' use of the infrastructure.

2-5-2 Group activities that could be concerned

As part of its proximity transport activities (regional, local), the Group provides public services (rail transport regulated service), through its SNCF Proximités division, for public authorities (in France, the Regions – Regional transport network organising authorities – and urban centres, and at the international level, various local authorities), in return for a consideration. These services are covered by operating agreements with terms of 3 to 10 years. The accounting treatment of these agreements is described in IFRIC 12 interpretation "Service Concession Arrangements", applicable retrospectively for financial periods commencing on or after 1 January 2010 for infrastructures capitalised following the conclusion of such agreements.

2-5-3 Scenarios identified

Certain contracts are excluded from the scope of IFRIC 12 since the conditions for presuming control of the grantor are not met. The assets relating to these contracts continue to be recognised as property, plant and equipment as in previous years.

For contracts within the scope of the interpretation, the assets constructed or acquired subsequent to the signature of the contract to fulfil the public service mission are classified either in financial assets or intangible assets according to the contract's risk exposure level. Other assets constructed or acquired prior to the signature of these contracts continue to be recognised as property, plant and equipment as in previous years.

2-5-4 Related grants

Grants received in connection with concession arrangements are deducted from intangible assets or financial assets based on the applicable model following analysis of each contract.

In the intangible asset model, grants are deducted from the amortisation charge of the concession over the residual term of the concession arrangement.

In the financial asset model, investment grants are classified as a repayment clause of the asset. Infrastructures falling under the scope of IFRIC 12 that are fully subsidised have a nil value in balance sheet assets.

The breakdown of impacts on property, plant and equipment and financial assets is provided in *Notes 7 and 9.5.*

2-6 Goodwill

Goodwill is determined as described in *Note 2.2.*

Goodwill is recognised at cost, less any accumulated impairment losses. Corrections or adjustments may be made to the fair value of assets and liabilities acquired during the 12 months following the acquisition, resulting in a retrospective correction of goodwill.

Goodwill is not amortised but is subject to impairment tests when there is an indication of impairment and at least once a year.

Negative goodwill is recognised immediately in operating profit.

Capital gains or losses on the disposal of an investment take into account the net carrying amount of the related goodwill.

2-7 Intangible assets

Intangible assets primarily comprise the customer base, leasehold rights, licences and software and trade names acquired during business combinations. They are recorded at historical cost or, where necessary, at fair value on the date of acquisition if such assets are acquired in connection with a business combination.

Where an intangible asset has a finite life, it is amortised on a straight-line basis over its period of use, of between one and five years.

Where an intangible asset has an indefinite life, it is not amortised but is subject to impairment tests at least once a year.

Pursuant to IFRIC 12 on service concession arrangements, intangible assets are recognised for service concession agreements according to which the grantor when the Group, as operator, receives a right to charge users of the public service and is paid in substance by the user, the operator bearing a demand risk. The intangible asset is amortised over the term of the arrangement.

2-8 Property, plant and equipment

The property, plant and equipment of the Group include assets made available by the French State, assets owned outright and assets purchased under finance lease agreements.

The French Orientation Law on Domestic Transport (LOTI), partially recodified in the legislative section of the French Transport Code of 28 October 2010, lays down the terms of possession of assets entrusted to the SNCF Group.

On the creation of the industrial and commercial public institution SNCF on 1 January 1983, the real estate assets previously given under concession to the semi-public limited liability company which it succeeded were appropriated to it.

These assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet to enable an economic assessment of Group performance.

Subject to legal provisions applicable to infrastructures deemed of general interest or public utility, SNCF exercises full management powers over all real estate assets entrusted to it or purchased by it.

Real estate assets held by the public institution, no longer used in the performance of its activities or which are part of its private domain, may be allocated to another purpose or sold by the public institution for profit.

2-8-1 Owned assets

Property, plant and equipment owned outright are recorded in consolidated assets at acquisition cost. Internally produced assets are recorded at production cost. Property, plant and equipment acquired as part of a business combination are recorded at their fair value on entry into the consolidation scope.

The production cost of assets manufactured comprises the cost of raw materials and labour used to manufacture the assets, including that of purchased spare parts. Interest costs have been capitalised since 1 January 2009 pursuant to revised IAS 23. Property, plant and equipment are not subject to periodic revaluation.

Maintenance and repair expenses are recognised as follows:

— Rolling stock:

– current maintenance expenses born during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;

– expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated;

– overhauls performed at the end of the useful life of a component, together with refurbishment and transformation costs, are capitalised in assets where they extend the useful life.

— Fixed installations:

– current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recorded as operating expenses;

– expenses under multi-year major building maintenance programmes are capitalised via the partial or total replacement of each component concerned.

As with the dismantling obligations, asbestos removal obligations for rolling stock are offset against an increase in the value of the equipment in balance sheet assets *(see Note 2.20.1).*

Property, plant and equipment are depreciated over their estimated useful life mainly on a straight-line or declining balance basis over 4 years for IT equipment.

2-8-2 Depreciation periods

Property, plant and equipment are depreciated over the following periods:

Land development	**20 years**
Complex constructions (stations, administrative buildings, etc.)	
Building shell	50 years
Enclosure	25 years
Light work	25 years
Fixtures and fittings	15 years
Technical work	15 years
Simple constructions (workshops, warehouses, etc.)	
Building shell, light work and enclosures	30 years
Fixtures and fittings	15 years
Technical work	15 years
Plant and equipment	**5 to 20 years**
Cars	**5 years**
Rail transport equipment:	
TGV:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
Electric and diesel locomotives:	
Structure	30 years
Overhaul work	15 years
Motorised carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
Passenger carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	10 to 15 years
Freight cars	30 years ± 20%
Ships	25 years
Other property, plant and equipment	**3 to 5 years**

2-9 Impairment of goodwill, intangible assets and property, plant and equipment

The Group assesses whether there is an indication that an asset has been significantly impaired at each balance sheet date. Where there is such an indication, an impairment test is performed.

Goodwill and indefinite life intangible assets are subject to an impairment test each year and whenever there is an indication of impairment.

When performing impairment tests, goodwill is allocated to the Cash-Generating Unit (CGU) or group of CGUs that are expected to benefit from the synergies of the combination and representing the lowest level at which the goodwill is monitored for internal management purposes, regardless of whether other assets and liabilities of the acquired entity are allocated to these CGUs or groups of CGUs.

Property, plant and equipment and intangible assets are subject to impairment when events or circumstances during the period (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.), indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset or goodwill balance with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use. The recoverable amount of an asset is determined individually, unless the asset does not generate cash flows independent of those of other assets or groups of assets. In such cases, which encompass the majority of tangible and intangible assets of SNCF and goodwill balances, the Group determines the recoverable amount of the group of assets (Cash-Generating Unit) to which the asset tested belongs.

The value in use corresponds to the value of the future economic benefits expected from the asset's use or removal. It is assessed based on discounted future cash flows determined according to economic assumptions and projected operating conditions adopted by SNCF management.

– cash flows are determined in business plans, drawn up for periods of 3 to 5 years and validated by the management bodies;

– beyond this timeframe, the flows are extrapolated by applying a long-term growth rate that is close to the long-term inflation rate expected by the Group in France, subject to the expected useful life of the assets tested or the indefinite life for goodwill and other indefinite life intangible assets;

– flows are discounted at a rate appropriate to the activity sector.

Impairment losses recorded on goodwill cannot be reversed.

2-10 Assets and liabilities associated with assets classified as held for sale

A discontinued operation represents a significant activity or geographical area for the Group that is the subject of a disposal or classification as an asset held for sale.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

– non-current assets of controlled entities held for sale are presented on a separate line of the balance sheet at the lower of their net carrying amount and fair value less costs to sell. Any liabilities relating to these assets or operations are also presented separately in liabilities;

– the impact on profit or loss of the period of all discontinued operations is presented on a separate line of the income statement, after ordinary activities;

– the impact of discontinued operations on cash flows is presented in the notes to the financial statements.

2-11 Finance lease transactions

Leased assets are recorded as purchases financed by loan when the contract terms and conditions correspond to finance lease arrangements. Finance lease agreements are contracts whereby the lessor transfers to the lessee the right to use an asset for a given period in exchange for payment and the lessor transfers all benefits and risks inherent to ownership of the asset.

The appraisal criteria applied to these agreements are based on the following:

– the agreement provides for the mandatory transfer of ownership at the end of the lease period;

– the agreement contains a purchase option and the conditions of this option are such that it is reasonably certain, at the conclusion of the lease, that ownership will be transferred;

– the lease term is for the major part of the estimated economic life of the leased asset;

– the present value of the minimum lease payment under the agreement is close to the fair value of the leased asset;

– the leased assets are of such a specific nature that only the lessee can use them without significant modification.

The assets concerned are recorded in assets at the lower of the discounted present value of the minimum lease payments and fair value and depreciated over the same period as equivalent assets owned outright or made available.

Lease agreements not having the characteristics of finance leases are recorded as operating leases and only the lease instalments are recorded in profit or loss.

2-11-1 Sale and leaseback transactions and equivalent

2-11-1-1 Sale and leaseback transactions
In the event of an asset sale coupled with a finance lease arrangement, the transaction is recorded in accordance with the above principles. Any capital gain realised on disposal is deferred and amortised over the lease term.

2-11-1-2 Other transactions
In addition, certain financial arrangements concern existing finance lease agreements. As the existing equipment financing structure is not altered and the proceeds of such transactions are definitively earned, they are recognised in finance costs on signature of the agreement *(see Note 32.1)*.

2-12 Financial assets

Financial assets include investments in companies that are neither controlled nor subject to significant influence, loans and financial receivables, guarantee deposits paid in respect of derivative instruments (cash collateral) and the fair value of derivative instruments.

"Standard" purchases are recorded at the settlement date.

Financial assets are presented in non-current assets, unless they mature in less than 12 months at the balance sheet date, in which case they are classified in current assets or cash equivalents as appropriate.

The fair value of listed financial instruments is determined by reference to the stock market price at the balance sheet date. It falls under Level 1 of the fair value hierarchy set forth in paragraph 27A of IFRS 7. The fair value of unlisted financial instruments, for which there exists listed instruments of a similar nature and maturity, is determined by reference to the stock market price of such instruments. The fair value of other unlisted instruments is determined using valuation techniques such as the revalued net asset method, discounted cash flows or option valuation models. The models used take into account assumptions based on market data and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7, while the other models based on non-observable market data fall under level 3 of the hierarchy.

2-12-1 Available-for-sale assets

Available-for-sale assets include Group investments in the share capital of unconsolidated companies that the Group does not hold for short-term profit and investments that do not qualify for inclusion in other asset categories.

Investments are measured at fair value unless this cannot be reliably determined, in which case they are retained in the balance sheet at acquisition cost. Fair value is determined based on the financial criteria most appropriate to the specific situation of each company. The most commonly adopted criteria are the market value or the share in equity held and the profitability outlook if the market value cannot be obtained.

Investments are measured at fair value using the market data, yield curves and credit spreads of each securities issuer. The measurement of these investments is compared to the listing price when available.

Fair value gains and losses on available-for-sale assets are recorded in a specific account in other comprehensive income. Amounts recognised in equity are only transferred to profit or loss on disposal of the asset. In the event of a significant or extended fall in the fair value below the net carrying amount, an impairment loss is recognised. This is recorded in an impairment loss account through profit or loss and cannot be reversed if it concerns shares.

2-12-2 Assets at fair value through profit or loss (trading assets)

Trading assets consist of assets that the Group intends to sell in the near term in order to realise a capital gain and assets recorded in this category by designation.

In particular, SNCF Group cash balances are globally managed pursuant to a general market risk management framework approved by the Board of Directors and combining investments in negotiable debt instruments and French money market mutual funds (UCITS). Management performance is measured, in the same way as UCITS, by reference to EONIA (Euro Overnight Index Average). As UCITS are measured at net asset value taking into account portfolio fair value, and in order to achieve overall consistency, investments with an initial maturity of more than three months are recorded in this category by designation.

Assets are valued at fair value at the balance sheet date and fair value gains and losses are recorded in finance costs.

Virtually all these investments are measured at fair value using market data, which falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

2-12-3 Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value. In particular, investments in French mutual funds (SICAV) and monetary funds with marginal sensitivity are classified in this category and notably French mutual funds and monetary funds classified by the French Stock Market Authority (AMF) in the Euro monetary category or which have a sensitivity of less than 0.25 basis points.

For these securities, the fair value adopted is the UCITS net asset value. It falls under Level 1 of the fair value hierarchy set forth in paragraph 27A of IFRS 7. However, given their year-end residual term, other investments are recorded at their nominal value.

Current bank facilities classified in current financial liabilities are included in cash and cash equivalents in the Statement of Cash Flows.

2-12-4 Loans and receivables issued

This heading includes the RFF receivable, the Public Debt Fund receivable, employee-profit sharing receivables, "construction assistance" loans and other loans and guarantee deposits (including cash collateral assets), as well as financial assets relating to concession arrangements (IFRIC 12). These financial instruments are initially valued at fair value and then subsequently at amortised cost based on the effective interest rate (EIR).

These instruments are presented in non-current assets, except for assets maturing in less than 12 months at the balance sheet date, which are recorded in current assets.

In the event of an objective indication of impairment of financial assets, which is to say a long-term and material decline in an asset's value, an impairment loss is recognised through profit or loss. An objective indication arises from the Group's knowledge of the debtor's financial difficulties (payment default, liquidation, etc.).

2-12-4-1 Réseau Ferré de France receivable

In the law of 13 February 1997 that led to the creation of Réseau Ferré de France (RFF), Article 7 provides for the transfer of a €20.5 billion liability to Réseau Ferré de France in consideration of the transfer of infrastructure assets as at 1 January 1997.

This transfer resulted in the recognition of an RFF receivable in the SNCF Group's assets, with no change in liabilities.

The RFF receivable was constructed line by line so as to present a maturity, currency and interest rate structure identical in all respects to that of the company's liability, which totalled €30.3 billion as at 31 December 1996, after swap contracts.

The 1996 year-end exchange rate was the initial rate used for the foreign currencies included in the receivable.

Deferred income and expenses corresponding to issue premiums and costs or swap contract income or expenses were also transferred, resulting in a cash payment. This payment was recognised in the SNCF Group financial statements as deferred income, which is released to the income statement according to the maturities of the corresponding transactions.

The RFF receivable is embodied in an agreement signed by the two companies.

The receivable is recorded at amortised cost and, where appropriate, is subject to fair value or cash flow hedge accounting.

In the case of a fair value hedge, the corresponding items are measured at fair value using market data. The fair value falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

2-12-4-2 Public debt fund receivable

In accordance with the corporate plan *(contrat de plan)* signed by the French State and SNCF in 1990, a Special Debt Account was set up on 1 January 1991 in order to isolate a portion of SNCF's debt.

On the preparation of SNCF's opening IFRS balance sheet as at 1 January 2006, the debt from the Special Debt Account was transferred to the SNCF balance sheet. At the same time, confirmation of the French State's commitment to contribute to the amortisation and servicing of the debt led to the recognition of a receivable in respect of expected payments from the French State.

The following transactions were performed in December 2007, in order to find a long-term and definitive solution to the future of these commitments and the financing of Special Debt Account debts:

1. On 31 December 2007, on the entry into effect of the 2007 amended Finance Act and in accordance with Article 82 of this Act, mirror contracts were set up between SNCF and the Public Debt Fund:

– signature of a loan agreement between SNCF and the Public Debt Fund, exactly reflecting the amount of the Special Debt Account debt and its financial terms and conditions and also covering the related derivates;

– simultaneous signature of a mirror agreement, under which the Public Debt Fund provides an identical loan to SNCF under the same terms and conditions.

On completion of these transactions, SNCF held both a receivable and payable vis-à-vis the Public Debt Fund of the same amount and repayable pursuant to identical terms and conditions, which reflect commitments to third-parties ring-fenced in the Special Debt Account.

2. Following implementation of these mirror contracts, the French State, as authorised by Article 82 of the 2007 amended Finance Act and pursuant to the Order of 28 December 2007, replaced SNCF with regard to the repayment of SNCF's debt to the Public Debt Fund.

3. Due to the transfer of this commitment to the French State and the change in related debtor, SNCF is now free of all obligations pursuant to the aforementioned contract with the Public Debt Fund.

In return, the financial commitments of the French State under the Special Debt Account as at 1 January 2006 were cleared.

The Special Debt Account was closed on completion of these transactions. As a result, SNCF:

– remains indebted towards holders of securities with the banking counterparties of forward financial instruments (foreign currency and interest rate swaps) it has contracted;

– holds a receivable on the Public Debt Fund exactly reflecting the amount of the Special Debt Account debt and its terms and conditions and also covering the related derivates.

The method of accounting for the receivable is unchanged in relation to the method that had been adopted for the recognition of a receivable in respect of expected payments from the French State in the opening IFRS balance sheet as at 1 January 2006, namely:

– the receivable is initially recorded, at the transfer date, at the fair value of debts transferred and subsequently at amortised cost;

– derivative instruments relating to the receivable are recorded at fair value, with gains and losses on remeasurement recognised in profit or loss.

2-12-4-3 Financial assets relating to concession arrangements (IFRIC 12)
Pursuant to IFRIC 12 Service Concession Arrangements, a financial asset is recognised when the Group, the operator, has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of guarantees given by the grantor on the revenue from users of the public service. The consideration is independent of the users' use of the infrastructure. Investment grants are classified as a repayment clause of the operating financial asset. The Group has opted to categorise these financial assets in loans and receivables pursuant to IAS 39 and to record them at amortised cost calculated using the effective interest rate.

2-13 Inventory

Inventories are valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.

Cost price is calculated using the weighted average cost method.

Inventories are written down based on the turnover, nature, age and useful life of items.

2-14 Operating receivables

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material. Impairment is recognised when there is a potential risk of non-recovery. This impairment is determined based on an individual or statistical appraisal of non-recovery risk using historical data.

2-15 Share-based payments

Certain subsidiaries grant shares or share subscription options to employees.

Pursuant to IFRS 2, "Share-Based Payment", share subscription and purchase option plans, share offers reserved for employees and the grant of free shares in subsidiaries to Group employees are valued at the grant date.

The Group uses the Black & Scholes model for valuation purposes.

The fair value of services received in return for the grant of these options is assessed based on the fair value of such options at the grant date and the number of options expected to be exercised at the end of the vesting period.

The total fair value so determined is recognised on a straight-line basis over the vesting period of the plan concerned.

This value is recorded in "Employee benefits expense", via a charge recorded directly in equity for equity-settled plans and in employee-related liabilities for cash-settled plans.

2-16 Financial liabilities

Financial liabilities include borrowings, other financing and bank overdrafts, guarantee deposits received in respect of derivative instruments (cash collateral liabilities) and the negative fair value of derivative instruments.

These instruments are included in "Non-current liabilities" except for liabilities maturing in less than 12 months at the balance sheet date, which are recorded in current liabilities.

Borrowings and other financial liabilities are initially measured at fair value plus transaction costs and subsequently at amortised cost determined using the effective interest rate.

Certain borrowings are subject to fair value or cash flow hedge accounting. In addition, certain borrowings with detachable embedded derivatives recorded using hedge accounting are recorded at fair value ("fair value" option). Fair value gains and losses are recorded in finance costs.

The option to record liabilities at fair value through profit or loss is used when the liabilities in question comprise an embedded derivative significantly modifying the cash flows which would otherwise result from the contract or where the Group is unable to value the embedded derivative separately. This option only concerns liabilities of the SNCF, an Industrial and Commercial Public Institution. The Group considers that exposure to own credit risk does not give rise to any change in value.

The fair value of financial liabilities is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

2-17 Derivative Instruments and hedge accounting

Derivative instruments traded by the Group to manage currency, interest rate and commodity risks are recorded in the balance sheet at their fair value at the balance sheet date.

2-17-1 General case

Derivative instruments are initially measured at fair value and are remeasured to fair value at subsequent reporting dates.

Fair value is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

Changes in the fair value of derivative financial instruments that are not associated with operations and not part of a designated hedging relationship as defined by IAS 39 are recorded in profit or loss in finance costs.

2-17-2 Cash flow hedges

The Group trades on the derivatives market to hedge floating-rate receivables and payables and receipts and payments relating to its commercial activities.

When IAS 39 criteria are met, the derivative instruments are designated as hedges and fair value gains and losses are recorded directly in a specific account in other comprehensive income, except for the ineffective portion of the hedge, which is recorded in profit or loss. When the hedged flows impact profit or loss, the amounts deferred in other comprehensive income are released to profit or loss to match the flows of the hedged item.

2-17-3 Fair value hedge

The Group also uses derivative instruments to hedge the fair value of fixed-rate receivables and payables denominated in euro and foreign currencies.

When IAS 39 criteria are met, the derivative instruments are designated as fair value hedges and:

– fair value gains and losses arising on the derivative are recorded in profit or loss for the period;

– the hedged item is remeasured to fair value at the balance sheet date, for the hedged portion of the risk, through profit or loss.

As such, fair value gains and losses on the derivative and the hedged item cancel out in profit or loss, except for the ineffective portion of the hedge.

2-18 Investment grants

The Group receives investment grants in the form of third-party asset financing, primarily from regional authorities.

Investment grants are deducted from the related assets (intangible assets, property, plant and equipment and concession financial assets). Grants relating to intangible assets and property, plant and equipment are recorded in operating profit (decrease in depreciation and amortisation) based

on the estimated useful life of the related assets. Investment grants relating to concession financial assets are classified as a repayment clause of the operating financial asset.

2-19 Deferred tax

The Group recognises, for each tax entity, deferred tax on all timing differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred tax is recorded using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the timing differences are expected to reverse.

Deferred tax assets in respect of timing differences and tax losses or credits carried forward are recognised when recovery is deemed probable. The Group's ability to recover these tax assets is assessed through an analysis of its business plan and the uncertainties presented by the economy and Group markets.

A deferred tax liability is recognised in respect of investments in subsidiaries, joint ventures and equity associates, on all timing differences between the book and tax values of shares, unless:

– the Group controls the date at which the timing difference will reverse (e.g. through a dividend distribution or the sale of an investment); and

– it is probable that this difference will not reverse in the foreseeable future.

Therefore, a deferred tax liability is only recognised in respect of wholly or proportionately consolidated companies in the amount of any withholding tax due on dividend distributions planned by the Group.

A deferred tax asset is only recognised to the extent that it is probable that:

– the temporary difference will reverse in the foreseeable future;

– and taxable profits will exist against which this temporary difference can be offset.

Deferred tax assets and liabilities are not discounted and are recorded in non-current items.

2-20 Provisions

Provisions are recorded when, at the balance sheet date, the Group has a present obligation to a third party as a result of a past event and the settlement of this obligation will require an outflow of company resources.

This obligation may be legal, regulatory or contractual and may result from Group practice or external commitments that create valid expectations in third parties that the Group will assume certain responsibilities.

The estimated amount of the provision reflects the outflow of resources that is likely to be necessary to settle the Group's obligation. If a reliable estimate of this amount cannot be made, a provision is not recorded and disclosure is provided in the notes to the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or a probable obligation where it is not probable that an outflow of resources will be required. Except for contingent liabilities recognised as part of a business combination, contingent liabilities are not recorded. Disclosure is provided in the notes to the financial statements.

Provisions are discounted where the impact of discounting is material.

2-20-1 Provisions for environmental risks

The Group provides for environmental risks when the realisation of the risk is deemed probable. This provision covers the costs of environmental protection and site restoration and clean-up. It specifically includes a contingency provision for asbestos lawsuits filed against the Group.

SNCF Group has set up an environmental management team in response to the enactment in French law of Directive 2004/35 of 21 April 2004 regarding so-called "polluter-payer" environmental liability. One of the team's objectives is to shed light on the impacts with respect to the Group's activities, primarily in terms of storage and distribution installations for fuel, water disposal, waste, etc. The related assessments are recorded on their completion. The impacts are presented in *Note 18.*

The Group classifies its rolling stock asbestos removal obligations as provisions for dismantlement. Any increase in the provision is offset by an increase in the value of the equipment on the balance sheet for equipment not fully depreciated and in profit or loss for equipment at the end of its useful life. An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The cost of dismantlement is amortised over the asset's remaining useful life. Should there be a decrease in the estimated probable outflow of resources, the provision is reversed against the corresponding asset in the balance sheet and in profit or loss for the portion exceeding the net carrying amount of this asset. The provision is gradually extinguished in profit or loss as the asbestos removal is completed.

2-20-2 Provisions for disputes and litigation

The Group is involved in a certain number of disputes and litigation arising in the normal course of its activities and notably:

– performance bonds received from companies supplying construction work;

– guarantees granted to clients in the freight transportation sector covering incidents arising during transport.

Such disputes and litigation are provided based on an assessment of the related risk.

Up to and including 1999, SNCF self-insured the majority of risks associated with its activities. In 2000, SNCF took out a number of insurance policies providing coverage beyond an initial level covered by self-insurance.

2-20-3 Restructuring provisions

The cost of restructuring measures is provided in full in the year in when such measures are decided, in principle, and announced in sufficient detail prior to the period-end closing in order to create an expectation that they will be implemented. Restructuring costs primarily consist of employee departure costs and the cost of writing off non-current assets, inventory and other assets.

2-20-4 Provisions for onerous contracts

Provisions are recognised for long-term contracts when they become onerous, which is to say when the inevitable costs required to satisfy the contractual obligations exceed the future economic benefits expected from these contracts. Provisions are valued based on inevitable costs, which reflect the net contract exit cost, which is to say the lower of the contract performance cost or any other compensation or penalty arising from failure of performance.

2-21 Employee benefits

In accordance with the laws and practices in the countries in which it operates, the Group participates in pension, early retirement, retirement benefit and health insurance plans for retirees.

In France, the main employee benefit plans are the special regime for employees with SNCF qualifying status *(see Note 17 for detailed specifications)* and, for subsidiaries, retirement termination payments and long-service awards. Outside France, the main companies offering defined-benefit plans are the United Kingdom, Italy, Germany and the Netherlands.

For the basic plans and other defined-contribution plans, the Group expenses contributions payable when they are due. No provisions are recognised as the Group does not have any obligation beyond the contributions paid.

In the case of defined-benefit plans, when benefits are covered by third parties (insurance contracts, provident organisations unrelated to the Group) and the Group has no legal or implicit obligation to cover any losses relating to past services over the period or prior periods, no obligation is recognised and the insurance/provident premiums paid are recognised as payments to a defined contribution plan, the obligation to provide benefits to employees being the sole responsibility of the third party organisation. In the other cases, the obligations are subject to actuarial valuations and provisions are recorded on the balance sheet upon vesting of benefit rights by employees.

The actuarial liability (or present value of the obligation with respect to defined benefits) enabling the recognition of obligations is determined according to the projected unit credit actuarial method, which stipulates that each period of service gives rise to an additional unit of benefit and measures each unit separately to determine the final obligation. These calculations include assumptions concerning the discount rate, mortality, employee turnover and expected future salary levels.

The so-called "corridor" method is applied to determine the provision to be recognised with respect to post-employment benefit plans. Hence, the amount of actuarial gains and losses exceeding 10% of the greater of the present value of the defined benefits obligation and the fair value of plan assets is adopted for recognition. The portion recognised equals this amount divided by the expected average remaining working lives of participating employees.

The portion of the net charge corresponding to service costs and past service costs amortised is recorded in operating profit, while the portion corresponding to reverse discounting (net of the expected return on plan assets, if any) and the amortisation of actuarial gains and losses is recorded in finance costs.

Past service costs are expensed on a straight-line basis over the average remaining vesting period of rights, unless such rights are immediately vested, in which the case past service costs are immediately recorded in profit or loss.

For other long-term defined benefit plans (long-service awards, unemployment, salary maintenance, gradual cessation of activity, etc.), actuarial gains and losses and any past service costs are immediately and fully recognised in profit or loss.

2-22 Revenue recognition

2-22-1 Transport activities (passengers, freight)

Revenue is recognised based on the effective transportation of passengers and freight.

Revenue recognised in the systems on the issue of a passenger transport ticket is adjusted at the period-end for tickets issued but not used, which are recorded in "Deferred income" under "Operating payables."

Pursuant to IFRIC 13, customer loyalty programmes are measured and recognised at the fair value of the unused point's consideration in "Deferred income" under "Operating payables," with an offsetting decrease in revenue. This deferred income is transferred through profit or loss under the "Revenue" heading as and when the loyalty points are used by customers.

2-22-2 Contributions of the French State and Organising Authorities

These contributions comprise price subsidies covering socially motivated prices introduced by the French State and contributions remunerating global services within a contractual framework or specific services.

2-22-3 Engineering and contracting services performed by the Group

Sub-contracting and project management work performed by the Group over a number of periods is recognised based on contractual data and the economic stage of completion.

2-22-4 Maintenance

Maintenance income and income from the operation of the rail network is recognised in accordance with the multi-year contract negotiated with the network owner.

2-23 Segment reporting

2-23-1 Determination of sectors presented

The SNCF Group's activity is structured according to five divisions supported by common support functions. These divisions sell separate products and services or cover different customer segments. This Group breakdown is used for management purposes and is a component of internal reporting:

– SNCF Infra division: delegated management of the infrastructure for RFF (network maintenance, projects and operation) and engineering (rail infrastructure research and design in France and globally);

– SNCF Proximités division: local transport activities of the Group encompassing medium-distance links (*Trains d'Équilibre du Territoire* (balancing of regional train service - INTERCITÉS) , rail transport regulated services (TER, Transilien, etc.), city and intercity (Keolis) and complementary services (Effia);

– SNCF Voyages division: passenger rail transport and distribution (TGV, Europe, etc.);

– SNCF Geodis division: a full range of transport and freight logistics activities. These activities are differentiated between a Global Offering (logistics, freight forwarding), rail freight fleet management and freight rail transport;

– Gares & Connexions division: dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators.

The common support functions (Common Operations and Investments) include the holding company activities of SNCF Participations and the service provider activities of SNCF Group (Traction, Equipment and Transversal services) and certain operating subsidiaries.

2-23-2 Segment indicators

The Group presents the following balance sheet and income statement indicators by business:

– Total segment assets comprising goodwill, intangible assets and property, plant and equipment net of investment grants, and operating assets;

– Internal and external revenue with elimination of all inter-division transactions in an "Inter-division" column for the presentation of the Group consolidated financial statements;

– Certain income statement analytical balances: gross profit, current operating profit and operating profit;

– Certain income statement line items: depreciation and amortisation, charge to / reversal of provisions, impairment losses.

The accounting methods adopted by each operating division are identical to those used in the preparation of the consolidated financial statements. The information presented for each division includes transactions between divisions.

2-24 Income statement analytical balances

SNCF Group has elected to present its income statement by nature. Several analytical balances are identified in order to provide users of the financial statements with information on the component items making up Group net profit.

2-24-1 Gross profit

Gross profit is equal to revenue plus incidental income, net of expenses directly relating to operating activities and primarily purchases, subcontracting costs, other external services, employee costs, taxes and duties other than income tax, asset disposals related to the activity, and other miscellaneous items.

All charges to employee-related provisions and specifically, charges relating to employee commitments (excluding the finance cost), are included in "Employee benefits expense."

2-24-2 Current operating profit

In addition to gross profit, current operating profit includes the majority of non-cash items (depreciation and amortisation, impairment, etc.) and miscellaneous other items not directly attributable to another income statement account.

2-24-3 Operating profit

Transactions of an unusual nature, either due to their frequency or amount, are recorded separately below current operating profit. This presentation has been adopted in order to provide as reliable an overview as possible of the recurring performance of the Group.

The transactions concerned are limited in number and comprise:

- impairment losses;

- real estate disposals and asset disposals not directly related to the activity;

- disposals of subsidiaries not representing a discontinued operation as defined by IFRS 5;

- any impacts arising from changes in the scope of consolidation.

2-24-4 Finance costs

Finance costs presented by the Group reflect the impact of financing transactions. Finance costs comprise two components:

- net borrowing costs, consisting of interest paid on Group borrowings, proceeds from the RFF receivable and the Public Debt Fund receivable and interest received on available cash balances. These items are presented after hedging transactions and include fair value gains and losses on derivative instruments not meeting IFRS hedge accounting criteria;

- the finance cost of employee benefits, representing the reverse discounting of the provision for long-term post-employment benefits, net of interest relating to the expected return on plan assets.

3 MAJOR EVENTS OF THE YEAR

3-1 Entry into force of the *Trains d'Équilibre du Territoire* agreement

The *Trains d'Équilibre du Territoire* (TET) (balancing of regional train service) agreement entered into force on 1 January 2011. The agreement, signed on 13 December 2010, covers the INTERCITÉS, Téoz and Lunéa trains, with the exception of special trains and auto-trains. Results are monitored under the new "INTERCITÉS" activity, the new trade name for all the *Trains d'Équilibre du Territoire*. Initially broken down between the "INTERCITÉS" and "Standard rolling stock (Corail, Elipsos)" CGUs of the respective SNCF Proximités and SNCF Voyages divisions, the assets covered by the agreement were therefore combined into a single CGU within the SNCF Proximités division. The Group's segment reporting has been adapted accordingly so that results for the Téoz and Lunéa trains, with the exception of special trains and auto-trains, are reported with the SNCF Proximités results rather than those of SNCF Voyages.

3-2 SeaFrance

At the end of September 2010, the Group subsidiary, SNCF Participations, announced the planned sale of its subsidiary SeaFrance, specialising in cross-Channel freight between France and the UK. On 28 April 2010, SeaFrance was placed under the protection of the Trade Courts through collective proceedings. At the same time, the recapitalisation request submitted to Brussels in February 2011 was rejected by the Commission in October 2011, considering that the solution proposed by the French government did not comply with competition rules. The French government appealed this decision.

On 16 November 2011, the Paris Trade Court, which considered that the two remaining takeover bids were unsatisfactory, ordered the company's liquidation with business continuity until 28 January 2012 and set 12 December 2011 as the submission date for any takeover bids. On 9 January 2012, the Paris Trade Court ordered SeaFrance to cease trading. Control over the company was transferred to court-appointed receivers as from the initial liquidation announcement on 16 November 2011, and the subsidiary was deconsolidated as from this date. The update of SeaFrance's recoverable amount as a held-for-sale activity had a negative €20 million impact on "Net profit/(loss) from discontinued operations" in the consolidated income statement. The subsidiary's assets and liabilities classified as at 31 December 2010 in "Assets classified as held for sale"

and "Liabilities associated with assets classified as held for sale" were removed from the consolidated statement of financial position as at 31 December 2011.

3-3 Creation of the new Systra Group

The first half of 2011 saw the materialisation of the draft agreement signed on 28 October 2010 between SNCF and RATP to develop transport engineering in all the components of their common subsidiary Systra. Following the first phase completed on 30 June 2011, SNCF and RATP transferred exclusive control and 49% of their engineering subsidiaries, respectively Inexia and Xelis, to Systra. The remaining 51% stake held by SNCF in Inexia and by the RATP in Xelis was transferred in early January 2012 as part of the second phase. Initially under joint control, Systra was subject to the significant influence of the SNCF Group following its governance review. As at 30 June 2011, the Systra and Inexia subsidiaries changed from proportional and full consolidation, respectively, to the equity method. The Xelis entity fell within the equity method scope. The impacts of the operation on the consolidated financial statements are described in *Note 4*. The impacts on the scope are described in *Note 37*.

3-4 Memorandum of agreement between RFF and SNCF for 2011 network maintenance

On 17 March 2011, RFF and SNCF validated a memorandum of agreement, prior to the signature of the national rail network maintenance agreement for 2011. Specifically, the two players agreed on the principle of a sound economic relationship. The management agreement for 2011 amounted to a little over €2.1 billion. This remuneration should allow SNCF Infra to fully cover its expenditure regarding the production volume requested by RFF for 2011 network maintenance, and consequently anticipate a sound economic relationship. The signature of this agreement improved the SNCF Infra division's revenue by €212 million compared to fiscal year 2010.

3-5 Impairment of the TGV France and Europe CGU (excluding Eurostar)

Changes in operating conditions represented an indication of impairment for the TGV France and Europe CGU (excluding Eurostar) and led the Group to carry out an impairment test. Based on the test results, a €700 million impairment loss was recognised under "Impairment losses" in the statement of comprehensive income and "Property, plant and equipment" in the statement of financial position. The test assumptions and result impacts are described, respectively, in *Notes 8 and 28* to the consolidated financial statements.

4 GROUP STRUCTURE OPERATIONS

The Group has opted for the partial goodwill method for business combinations that took place in fiscal year 2011, which is to say that only the goodwill attributable to the Group is recorded, without taking into account a share to be attributed to non-controlling interests (minority interests).

4-1 Creation of the new Systra group

The loss of exclusive control of the Inexia entities and the loss of joint control of the Systra entities on 30 June 2011 resulted in the removal of the assets and liabilities of these entities from the SNCF Group balance sheet for the following amounts:

- Current assets: €182 million;
- Non-current assets: €27 million;
- Current liabilities: €145 million;
- Non-current liabilities: €3 million;
- Total net assets: €61 million.

The fair value of the identifiable assets and liabilities as at the acquisition date is as follows:

	Fair value recognised on the date of acquisition
Intangible assets	48
Property, plant and equipment	18
Non-current financial assets	5
Investments in associates	1
Deferred tax assets	3
Non-current assets	*74*
Operating receivables	268
Current financial assets	3
Cash and cash equivalents	26
Current assets	*297*
Assets classified as held for sale	9
Total assets	**380**
Non-controlling interests (minority interests)	-1
Non-current employee benefits	4
Non-current provisions	2
Non-current financial liabilities	4
Deferred tax liabilities	16
Non-current liabilities	*25*
Current provisions	3
Operating payables	205
Current financial liabilities	16
Current liabilities	*224*
Total liabilities	**249**
Net assets at 100%	**131**
Share in fair value of net assets acquired (41.92%)	**55**
Goodwill included in investments in associates	65
Cost of the combination	**119**

The acquisition of significant influence in these same entities and in Xelis resulted in the recognition of an impact on the "Investments in associates" heading for €119 million including, in accordance with IAS 28, goodwill of €65 million. The allocation of the cost of combination and the determination of goodwill remain provisional and are to be finalised before 30 June 2012. In addition, operating receivables include a €20 million receivable with respect to the balancing cash adjustment receivable in connection with the second phase completed in early January 2012.

In the Statement of comprehensive income, the results for the Systra and Inexia entities remain proportionately and fully consolidated, respectively, over the first half of 2011. The new entity's contribution to Group net profit was of little significance in the "Share of profit of associates" heading. An impact of €113 million was recognised for the operation under the "Positive impacts of Group structure operations" heading relating to disposal gains or losses.

For the cash flow statement, the operation gave rise to an outflow of cash and cash equivalents of these entities for €9 million and a €20 million receipt representing cash contributions. The €11 million net impact was recorded under "Disposals of subsidiaries net of cash transferred."

Fair value of previously held share	101
Consideration transferred	19
Balancing cash adjustment receivable	20
Net cash acquired with subsidiaries	-9
Net cash flows	**11**

The off-balance sheet commitments of the Systra and Inexia entities are no longer part of the SNCF Group commitments. The impact essentially concerns endorsements and guarantees given for €62 million at the end of June 2011.

5 GOODWILL

Movements in goodwill during 2011 break down as follows:

In € millions	Gross value	Impairment	Net value
As at 01/01/10	**907**	**-21**	**886**
Acquisitions / increases	764	-2	762
Impairment	0	-54	-54
Removals / decreases	-12	1	-11
Translation	23	0	22
Other changes in consolidation scope	11	-10	2
As at 31/12/10	**1,694**	**-87**	**1,607**
As at 01/01/11	**1,694**	**-87**	**1,607**
Acquisitions / increases	69	0	69
Impairment	0	-3	-3
Removals / decreases	-9	3	-6
Translation	11	0	10
Other changes in consolidation scope	-2	-4	-6
As at 31/12/11	**1,763**	**-91**	**1,672**

Acquisitions for 2010 primarily concerned the 100% takeover of Ermewa, the acquisition of Keolis and the creation and joint control of EIL.

Acquisitions for 2011 primarily concerned Keolis Transit America for the SNCF Proximités division and the 26% interest in WESTbahn for the SNCF Voyages division.

The main goodwill balances recorded by the Group at the balance sheet date are as follows:

In € millions	31/12/2011	31/12/2010	Change
SNCF Infra	0	6	-6
SNCF Proximités	439	410	29
SNCF Voyages	38	14	24
SNCF Geodis	1,192	1,174	18
of which Global Offering	*934*	*917*	*17*
of which Rail freight fleet management	*249*	*247*	*2*
of which Other rail companies	*9*	*10*	*-2*
Common Operations and Investments	3	3	0
Total	**1,672**	**1,607**	**65**

6 INTANGIBLE ASSETS

Group intangible assets mainly comprise purchased software licences, software developed in-house, leasehold rights, customer portfolios and trade names purchased at the time of acquisitions.

Movements in intangible assets during 2011 break down as follows:

In € millions	01/01/2011	Acquisitions / Charges	Disposals / Reversals	Change in consolidation scope	Other changes	31/12/2011
Gross carrying amount						
Concessions, patents, software	815	17	-42	-2	121	910
Other intangible assets	1,190	39	-2	26	-12	1,240
Intangible assets in progress	158	117	0	0	-126	149
Concession intangible assets	0	0	0	0	53	53
Total gross carrying amount	**2,164**	**173**	**-44**	**23**	**36**	**2,352**
Amortisation / impairment						
Concessions, patents, software	-541	-148	41	0	9	-639
Other intangible assets	-170	-94	1	0	-1	-264
Intangible assets in progress	-22	0	1	0	2	-20
Concession intangible assets	0	-6	0	0	-7	-13
Total amortisation/impairment	**-734**	**-248**	**43**	**0**	**3**	**-936**
Total net carrying amount	**1,430**	**-75**	**-2**	**23**	**39**	**1,416**

Acquisitions for 2011 include software developed in-house, either already brought into service or still under development, of which €94 million for the parent company.

Movements in intangible assets during 2010 break down as follows:

In € millions	01/01/2010	Acquisitions / Charges	Disposals / Reversals	Change in consolidation scope	Other changes	31/12/2010
Gross carrying amount						
Concessions, patents, software	636	116	-18	19	63	815
Other intangible assets	303	17	0	847	23	1,190
Intangible assets in progress	139	27	-2	11	-16	158
Total gross carrying amount	**1,078**	**160**	**-19**	**876**	**70**	**2,164**
Amortisation / impairment						
Concessions, patents, software	-387	-131	17	0	-40	-541
Other intangible assets	-61	-82	0	0	-26	-170
Intangible assets in progress	-24	0	1	0	0	-22
Total amortisation/impairment	**-472**	**-213**	**18**	**0**	**-66**	**-734**
Total net carrying amount	**605**	**-54**	**-1**	**876**	**3**	**1,430**

The increase in other intangible assets essentially stems from the Ermewa and Keolis business combinations.
Acquisitions for 2010 include software developed in-house, either brought into service or under development, breaking down as follows:
– €75 million for the parent company,
– €8 million for Geodis.

The increase in amortisation and impairment primarily reflects the amortisation charge for the period. Changes in value due to foreign currency translation are of little significance.

7 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during 2011 break down as follows:

In € millions	01/01/2011	Acquisitions / Charges	Disposals / Reversals	Change in consolidation scope	Other changes	31/12/2011
Gross carrying amount						
Land	1,982	4	-58	1	153	2,082
Buildings	8,787	23	-261	18	347	8,914
Industrial and technical plant	2,893	36	-300	1	306	2,934
Transportation equipment	29,992	1,555	-568	40	773	31,792
Rail equipment	*29,278*	*1,430*	*-429*	*31*	*244*	*30,553*
Non rail equipment	*714*	*125*	*-139*	*9*	*529*	*1,238*
Maritime equipment	*0*	*0*	*0*	*0*	*0*	*0*
Other property, plant and equipment	1,265	78	-114	-14	192	1,407
Property, plant and equipment in progress	913	798	-18	3	-751	946
Total gross carrying amount	**45,832**	**2,494**	**-1,319**	**48**	**1,019**	**48,075**
Depreciation/impairment						
Land	-184	-40	3	0	-8	-230
Buildings	-4,439	-343	206	-5	-86	-4,667
Industrial and technical plant	-1,895	-179	297	-1	-83	-1,861
Transportation equipment	-16,344	-2,015	546	-5	-731	-18,550
Rail equipment	*-16,071*	*-1,904*	*434*	*-5*	*-217*	*-17,764*
Non rail equipment	*-273*	*-111*	*113*	*0*	*-514*	*-786*
Maritime equipment	*0*	*0*	*0*	*0*	*0*	*0*
Other property, plant and equipment	-829	-148	126	7	-100	-945
Property, plant and equipment in progress	-58	-12	5	0	5	-60
Total depreciation/impairment	**-23,750**	**-2,738**	**1,183**	**-4**	**-1,004**	**-26,312**
Total net carrying amount	**22,082**	**-244**	**-136**	**44**	**16**	**21,763**
Investment grants	5,106	312	-369	4	51	5,104
Total net carrying amount of grants	**16,976**	**-556**	**234**	**41**	**-36**	**16,658**

7 Property, plant and equipment

Movements in property, plant and equipment during 2010 break down as follows:

In € millions	01/01/2010	Acquisitions / Charges	Disposals / Reversals	Change in consolidation scope	Other changes	31/12/2010
Gross carrying amount						
Land	1,913	76	-14	55	-49	1,982
Buildings	8,461	271	-174	92	137	8,787
Industrial and technical plant	2,740	219	-83	41	-23	2,893
Transportation equipment	28,330	1,572	-374	1,024	-560	29,992
Rail equipment	*27,536*	*1,475*	*-287*	*698*	*-145*	*29,277*
Non rail equipment	*354*	*97*	*-87*	*326*	*24*	*714*
Maritime equipment	*440*	*0*	*0*	*0*	*-440*	*0*
Other property, plant and equipment	1,063	180	-70	69	23	1,265
Property, plant and equipment in progress	814	188	-7	18	-100	913
Total gross carrying amount	**43,320**	**2,506**	**-720**	**1,298**	**-572**	**45,832**
Depreciation/impairment						
Land	-154	-32	2	0	0	-184
Buildings	-4,260	-331	150	0	2	-4,439
Industrial and technical plant	-1,834	-184	81	0	42	-1,895
Transportation equipment	-15,814	-1,452	728	0	193	-16,344
Rail equipment	*-15,409*	*-1,301*	*660*	*0*	*-21*	*-16,071*
Non rail equipment	*-230*	*-100*	*69*	*0*	*-11*	*-273*
Maritime equipment	*-175*	*-50*	*0*	*0*	*225*	*0*
Other property, plant and equipment	-738	-130	67	0	-27	-829
Property, plant and equipment in progress	-77	0	19	0	0	-58
Total depreciation/impairment	**-22,877**	**-2,129**	**1,046**	**0**	**209**	**-23,750**
Total net carrying amount	**20,443**	**377**	**326**	**1,298**	**-362**	**22,082**
Investment grants	4,843	576	-353	90	-50	5,106
Total net carrying amount of grants	**15,600**	**-199**	**678**	**1,208**	**-312**	**16,976**

Rolling stock in progress initially presented under the "Property, plant and equipment in progress" headings is now presented under the "Rail equipment" headings. The amount reclassified in the 2011 opening balance for a gross carrying amount of €1,869 million and €119 million in depreciation/ impairment had no impact on the totals or net carrying amounts. The amount reclassified in the 2010 opening balance for a gross carrying amount of €1,450 million and €168 million in depreciation/impairment likewise had no impact on the totals or net carrying amounts. Rail equipment in progress at the year-end has a gross carrying amount of €1,944 million (€1,869 million at the 2010 year-end).

Assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet and amounted to €565 million (€587 million in 2010) for land and €718 million (€772 million in 2010) for buildings and upgrades.

A breakdown of depreciation charges and impairment losses recorded in the income statement is presented in *Notes 27 and 28.*

7 Property, plant and equipment

Capital expenditure flows for 2011 and 2010 break down as follows:

In € millions	31/12/2011	31/12/2010
Intangible assets	-173	-160
Property, plant and equipment	-2,494	-2,506
Total acquisitions	**-2,667**	**-2,666**
incl. Fixed assets held as finance-leasing	*-22*	*0*
Acquisitions excluding finance-leasing	**-2,645**	**-2,665**
Capital expenditure flows	20	-152
Intangible assets and PP&E capital expenditure flows	**-2,624**	**-2,817**

Capital expenditure for 2011 primarily comprised:

– upgrades to stations and buildings and acquisitions (renovation of the Paris-Lyon and Paris-Saint-Lazare stations, construction of the Besançon TGV station, construction of the new TGV Rhin-Rhône station, addition of a second building for the Lyon-Guillotière technicentre, replacement of the track-to-train radio communication system with GSMR technology) for a total of €673 million;

– the acquisition and renovation of rolling stock (Double-decker and Dasye TGVs, NAT Transilien trains, Fret and Akiem diesel locomotives, Ermewa and STVA wagons and transcontainers) for a total of €1,335 million.

Capital expenditure for 2010 primarily comprised:

– upgrades to stations and buildings and acquisitions (modernisation of the Grand Joncherolles technicentre, the GSMR communication system, work relating to the Gare de Lyon Yellow Platform and the Lyon TGV workshop) for a total of €729 million;

– the acquisition and renovation of rolling stock (Double-decker and Dasye TGVs, Francilien trains and Fret diesel locomotives) for a total of €1,319 million.

Government grants received totalled €312 million (€576 million in 2010), including €171 million (€414 million in 2010) for rolling stock and €141 million (€162 million in 2010) for fixed installations.

Assets recorded in property, plant and equipment and held under finance lease agreements break down as follows:

In € millions	31/12/2011 Gross carrying amount	31/12/2011 Depreciation and Impairment	31/12/2011 Net carrying amount	31/12/2010 Gross carrying amount	31/12/2010 Depreciation and Impairment	31/12/2010 Net carrying amount
Gross carrying amount						
Land	23	-1	22	26	0	26
Buildings	473	-234	238	478	-220	258
Industrial and technical plant	34	-22	12	34	-20	14
Transportation equipment	4,140	-1,220	2,920	4,872	-1,854	3,018
Other property, plant and equipment	17	-14	3	17	-13	4
Property, plant and equipment in progress	0	0	0	2	0	2
Total	**4,687**	**-1,492**	**3,195**	**5,429**	**-2,107**	**3,323**

8 IMPAIRMENT TESTS

Asset impairment tests are performed on CGUs representing legal entities or defined based on the appropriation of the assets used.

The assets tested include goodwill, indefinite life intangible assets and assets with a finite useful life where the CGU presents indications of impairment or impairment reversal.

Pursuant to IAS 36 "Impairment of Assets", CGUs with goodwill are tested at least once annually irrespective of whether there is any indication of impairment.

The impairments and reversals recorded in the financial statements as at 31 December 2011 and 2010, with respect to the tests conducted, had the following overall impact on net profit:

	SNCF Voyages TGV France and Europe (excluding Eurostar)	SNCF Geodis Rail freight
Impact on net profit as at 31/12/2011	-700	-20

	SNCF Geodis - Rail freight/ Multimodal transport/Rail freight transport	SNCF Proximités INTERCITÉS	SNCF Voyages Standard rolling stock
Impact on net profit as at 31/12/2010	-231	+146	+210

8-1 CGUs with significant goodwill in relation to total goodwill

8-1-1 Global offering CGU

Of the total goodwill, €934 million (€917 million as a 31 December 2010) was allocated to the Global Offering Cash-Generating Unit, which comprises all activities included in the multimodal and mixed solutions of the SNCF Geodis division. No material indefinite life intangible assets were allocated to this CGU, which is tested for impairment at least once annually. The following assumptions were used to determine the recoverable amount:

	2011	2010
Segment	SNCF Geodis	SNCF Geodis
CGU	Global offering	Global offering
Assets tested	€1,961 million	€1,918 million
Base used for the recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	7.7% - 8.6%	7.3% - 8.3%
Long-term growth rate	2.00%	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested asset. Sensitivity tests conducted on the discount (± 100 bp), organic growth and gross profit rates will likely support the analysis conducted.

8-1-2 Keolis/EFFIA CGU

Of the total goodwill, €439 million (€410 million as at 31 December 2010) was allocated to the Keolis/ EFFIA Cash-Generating Unit, which comprises all activities included in the passenger multimodal transport solutions of the SNCF Proximités division. The indefinite life intangible assets allocated to this CGU amounted to €116 million, primarily comprising trade names. This CGU is tested for impairment at least once annually. The following assumptions were used to determine the recoverable amount:

	2011
Segment	SNCF Proximités
CGU	Keolis/EFFIA
Assets tested	€1,266 million
Base used for the recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.5% - 7.2%
Long-term growth rate	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested asset. Sensitivity tests conducted on the discount (± 100 bp), organic growth and gross profit rates will likely support the analysis conducted.

8-1-3 Asset management CGU

Of the total goodwill, €249 million (€247 million as at 31 December 2010) was allocated to the asset management Cash-Generating Unit, which comprises all activities included in the leasing of freight transport equipment (wagons, containers, etc.). This CGU is tested for impairment at least once annually. The following assumptions were used to determine the recoverable amount:

	2011
Segment	SNCF Geodis
CGU	Asset management
Assets tested	€1,323 million
Base used for the recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.6% - 7.2%
Long-term growth rate	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested asset. Sensitivity tests conducted on the discount (± 100 bp), organic growth and gross profit rates will likely support the analysis conducted.

8-2 CGUs with indications of impairment or impairment reversal

8-2-1 CGUs as at 31 December 2011

8-2-1-1 UGT TGV France and Europe (excluding Eurostar)
As at 31 December 2011 and based on new operating conditions (infrastructure fees, energy costs, opening of the market to competition, pricing flexibility, etc.), the company identified an indication of impairment and tested the TGV assets.

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2011:

Segment	SNCF Voyages
CGU	TGV France and Europe (excluding Eurostar)
Assets tested	€4,519 million
Base used for the recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	7.6% - 8.8%
Long-term growth rate	2.00%

The impairment recognised as at 31 December 2011 amounted to €700 million, the recoverable amount being lower than the asset tested.

Sensitivity tests conducted on the discount rate (±50 bp) resulted in a change in the amount of the impairment loss for approximately ±€300 million. Sensitivity tests conducted on the activity's gross profit reveal that a change of (±50 bp) on this rate would have a ±€500 million impact on the impairment loss.

No goodwill or indefinite life intangible assets were allocated to this CGU. The impairment losses or reversals determined following testing primarily concerned property, plant and equipment.

Impacts on the income statement arising from the recognition of impairment losses are described in *Note 28*.

8-2-1-2 Rail Freight CGU

Following the reorganisation of the activity initiated at the end of 2009 and the operational implementation of the master development plan, Fret SNCF was broken down into four CGUs. In the absence of any improvement for the Rail Freight CGU, the asset impairment continues. An additional net impairment loss of €12 million on the rolling stock (including firm commitments) was recorded in 2011. The methods used to determine the impairment loss are described in *Note 28*. As at 31 December 2011, the net carrying amount of this CGU's production resources (all intangible assets and property, plant and equipment excluding land and buildings) amounted to €457 million, or €1,168 million less than the net carrying amount that would have been obtained had this rolling stock never been impaired (€1,223 million as at 31 December 2010). In addition, the amount of the contingency provision covering firm commitments amounted to €17 million.

8-2-1-3 Rail Freight Transport CGU

Results for the Rail Freight Transport CGU did not meet expectations, primarily due to the economic situation. An additional impairment loss of €20 million was recognised following testing, of which €3 million for goodwill allocated to these CGUs and €17 million almost evenly allocated between intangible assets and property, plant and equipment (particularly rolling stock).

8-2-2 CGUs as at 31 December 2010

The CGUs of Corail (including Elipsos) and INTERCITÉS were tested following indications of impairment identified after the signing of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement on 13 December 2010 for a period of three years *(see Note 3)*.

As the portion of the *Trains d'Équilibre du Territoire* financing assumed had a negative impact on the future cash flows of TGV France Europe (excluding Eurostar), the Group tested this CGU at the end of December 2010.

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2010:

Segment	SNCF Proximités	SNCF Voyages	SNCF Voyages
CGU	INTERCITÉS	Standard rolling stock (Corail, Elipsos)	TGV France and Europe (excluding Eurostar)
PPE and intangible assets before impairment (at the year-end in millions of euros)	€242 million	€253 million	€5,446 million
Base used for the recoverable amount	Value in use	Value in use	Value in use
Source used	3-year TET agreement	3-year TET agreement	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.5% - 7.2%	6.5% - 7.2%	7.4% - 8.4%
Long-term growth rate	Not applicable	Not applicable	2.00%

The above asset amounts do not include grants. Assets for the INTERCITÉS and TGV France and Europe CGUs were subsidised for €67 million and €20 million, respectively.

No goodwill or indefinite life intangible assets were allocated to these CGUs. The impairment losses or reversals determined following testing primarily concerned property, plant and equipment.

Impacts on the income statement arising from the recognition of impairment losses are described in *Note 28.*

8-2-2-1 Corail (including Elipsos) and INTERCITÉS CGUs
A net impairment reversal was recognised for the Corail (including Elipsos) and INTERCITÉS CGUs for €210 million and €146 million, respectively. The amount of the reversal is determined based on the provisions of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement signed for a period of three years. Under the agreement, SNCF receives equipment leasing payments and a guaranteed compensation corresponding to the net carrying amount of the equipment at the term of the agreement. The agreement also provides for the reversal of the impairment loss recognised *(see Note 3).*

8-2-2-2 TGV France and Europe CGUs
For the TGV France / Europe CGU, excluding Eurostar, the analysis consisted in valuing the future cash flows generated by the identified asset as at 31 December 2010 based on the business plan (5 years plus a normative year).
The assumptions adopted stem from adjusted current projections. Based on the scenarios used for price increases and applicable discount rates, analysis results provide a recoverable amount that ranges from less than €236 million to an amount largely exceeding the net carrying amount of the economic asset tested. No impairment was recognised for the year ended 31 December 2010.

8-2-2-3 Rail Freight CGU
Following the reorganisation of the activity initiated at the end of 2009, Fret SNCF was broken down into five CGUs.
For the first half of 2010, the operational implementation of the master development plan revealed that the *Multi-Lots Multi-Clients* (Multi-wagon/Multi-customer) activity could not be characterised as a CGU. The equipment of this activity and the "Other products and special applications asset pool" were re-allocated to other CGUs, which resulted in an additional impairment (including rolling stock in progress). In addition, a net contingency provision reversal was recognised for firm order commitments. The two combined impacts resulted in a net charge of €156 million. The methods used to determine the impairment loss are described in *Note 28.* As at 31 December 2010, the net carrying amount of this CGU's production resources (all intangible assets and property, plant and equipment excluding land and buildings) amounted to €450 million, or €1,223 million less than the net carrying amount that would have been obtained had this rolling stock never been impaired (€999 million as at 31 December 2009). In addition, the amount of the contingency provision covering firm commitments amounted to €75 million.

8-2-2-4 Multimodal Transport and Rail Freight Transport CGUs
Results for the Multimodal Transport and Rail Freight Transport CGUs did not meet expectations, primarily due to the economic situation. An impairment loss of €75 million was recognised following testing, of which €54 million for goodwill allocated to these CGUs and €21 million almost evenly allocated between intangible assets and property, plant and equipment (particularly rolling stock).

9 FINANCIAL ASSETS

Financial assets maturing in less than 12 months at the balance sheet date are recorded in "Current financial assets".

The fair value of asset derivative instruments is classified in current and non-current assets based on the final maturity of the derivative.

For financial assets recognised at fair value in the balance sheet, the fair value hierarchy is shown by category of financial asset and comprises the following three levels under IFRS 7:

- Level 1: fair value measured using quoted prices.

- Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market.

- Level 3: fair value determined using valuation techniques not based on observable market data.

The fair value amounts on derivative instruments include accrued interest receivable.

As at 31 December 2011 and 31 December 2010, current and non-current financial assets and the fair value measurement levels break down as follows:

In € millions	Note	31/12/2011 Non-current	Current	Total	Level 1	Level 2	Level 3
Loans and receivables		4,730	2,453	**7,183**	-	-	-
RFF receivable	*9.1*	*1,616*	*227*	***1,843***	-	-	-
Public Debt Fund receivable	*9.2*	*2,650*	*1,303*	***3,954***	-	-	-
Other loans and receivables	*9.4*	*349*	*923*	***1,272***	-	-	-
Non-current concession financial assets	*9.5*	*114*		***114***	*0*	*0*	*0*
Available-for-sale assets		340	5	**345**	131	0	214
Assets at fair value through profit or loss		131	102	**234**	77	157	0
Positive fair value for hedging derivatives	20	553	18	**571**	0	571	-
Positive fair value of trading derivatives	20	511	215	**726**	-	726	-
Financial assets		**6,265**	**2,793**	**9,058**	**208**	**1,453**	**214**

In € millions	Note	31/12/2010 Non-current	Current	Total	Level 1	Level 2	Level 3
Loans and receivables		6,013	953	**6,966**	-	-	-
RFF receivable	*9.1*	*1,797*	*114*	***1,911***	-	-	-
Public Debt Fund receivable	*9.2*	*3,703*	*317*	***4,020***	-	-	-
Other loans and receivables	*9.4*	*490*	*523*	***1,013***	-	-	-
Non-current concession financial assets	*9.5*	*22*	-	*22*	-	-	-
Available-for-sale assets		342	133	**475**	292	-	183
Assets at fair value through profit or loss		-	1,173	**1,173**	86	1,088	-
Positive fair value for hedging derivatives	20	371	39	**409**	0	409	-
Positive fair value of trading derivatives	20	323	94	**418**	-	418	-
Financial assets		**7,049**	**2,392**	**9,441**	**378**	**1,915**	**183**

UCITS included in assets at fair value through profit or loss are valued at their net asset value at the balance sheet date.

Available-for-sale assets comprise non-consolidated investments for €221 million (€221 million as at 31 December 2010) and short and medium-term investments.

The change in the heading for 2011 primarily stems from the change in marketable securities. Other loans and receivables are analysed in *Note 9.4.*

9-1 Réseau Ferré de France receivable

The principles governing the measurement and recognition of this receivable are presented in *Note 2.12.4.1.*
The receivable breaks down as follows:

In € millions	31/12/2011			31/12/2010		
	Non-current	Current	Total	Non-current	Current	Total
At amortised cost	1,616	193	**1,809**	1,797	80	**1,877**
Accrued interest receivable		34	**34**		34	**34**
Total	**1,616**	**227**	**1,843**	**1,797**	**114**	**1,911**

Fair value of the RFF receivable:

In € millions	31/12/2011		31/12/2010	
	Fair value	Net carrying amount	Fair value	Net carrying amount
RFF receivable	2,278	1,843	2,334	1,911

The maturity schedule based on year-end exchange and interest rates is as follows:

In € millions	31/12/2011		31/12/2010	
	Nominal	Interest	Nominal	Interest
Less than 1 year	193	98	80	98
1 to 2 years	418	97	191	96
2 to 3 years	6	69	418	96
3 to 4 years	374	69	6	68
4 to 5 years	142	59	368	68
More than 5 years	676	385	814	443
Total	**1,809**	**778**	**1,877**	**869**

9-2 Public Debt Fund receivable

Excluding derivative instruments, this receivable totalled €3,954 million as at 31 December 2011 and €4,020 million as at 31 December 2010.

The fair value and net carrying amount of this receivable is as follows:

In € millions	31/12/2011		31/12/2010	
	Fair value	Net carrying amount	Fair value	Net carrying amount
Receivable on CDP (Public Debt Fund)	4,478	3,954	4,721	4,020

The maturity schedule based on year-end exchange and interest rates is as follows:

In € millions	31/12/2011		31/12/2010	
	Nominal	Interest	Nominal	Interest
Less than 1 year	1,071	208	75	211
1 to 2 years	1,130	174	1,055	208
2 to 3 years	0	104	1,129	174
3 to 4 years	114	104	0	104
4 to 5 years	0	99	113	104
More than 5 years	1,407	636	1,407	735
Total	**3,721**	**1,325**	**3,778**	**1,535**

9-3 Medium-term assets

The maturity schedule based on year-end exchange and interest rates for medium-term assets classified as available for sale is as follows:

In € millions	31/12/2011		31/12/2010	
	Nominal	Interest	Nominal	Interest
Less than 1 year	-	6	123	12
1 to 2 years	113	6	-	6
2 to 3 years	-	-	113	6
3 to 4 years	-	-	-	-
4 to 5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**113**	**12**	**236**	**24**

9-4 Other loans and receivables

Other loans and receivables held by the Group break down as follows:

In € millions	31/12/2011			31/12/2010		
	Non-current	Current	Total	Non-current	Current	Total
Cash collateral assets	-	584	584	-	435	435
Other loans and receivables[1]	349	339	688	490	88	578
Total	**349**	**923**	**1,272**	**490**	**523**	**1,013**

(1) Of which €14 million for pension assets (€34 million as at 31 December 2010).

9-5 Concession financial assets

Concession financial assets before grants amounted to €2,959 million as at 31 December 2011 (€2,779 million as at 31 December 2010) including €2,840 million for passenger regional transport services for which rolling stock is 100% subsidised. The financial assets for these services are carried at nil in the balance sheet, as they are extinguished by the investment grants for an equivalent amount, the latter now being deducted from the corresponding balance sheet assets and classified as a repayment clause of these financial assets *(see Note 2.5.4)*. These grants had a net balance of €114 million as at 31 December 2011 (€22 million as at 31 December 2010).

The investment grants received for concession agreements amounted to €232 million (€234 million over 2010). They are deducted from the corresponding financial assets for the same amount.

10 INVESTMENTS IN ESH LOW-RENTAL HOUSING COMPANIES

The ESH low-rental housing companies in which the Group holds a majority interest are not consolidated due to the absence of effective control *(see Note 2.1.2)*.

The main consolidated balance sheet headings of these companies are as follows:

- Non-current assets: €3,172 million (€2,855 million in 2010);
- Non-current liabilities (debts): € 1,848 million (€1,709 million in 2010).

11 INVESTMENTS IN ASSOCIATES

The Group holds several investments in associates, accounted for using the equity method. The net carrying amount of investments in these companies breaks down as follows:

In € millions	31/12/2011			31/12/2010
	% interest	Net profit/(loss)	Investments in associates (incl. net profit/(loss)	Investments in associates
Eurofima	22.60%	7	275	260
STVA Group subsidiaries	-	0	10	10
NTV	20.00%	-7	65	75
Systra	41.92%	0	119	0
Other investments	-	3	29	27
Total	-	**4**	**498**	**373**

Following its restructuring, the Systra group was equity-accounted at 41.92% as at 1 July 2011. Previously, it has been fully consolidated for the Inexia subsidiaries, proportionately consolidated for the Systra subsidiaries and not consolidated for the Xelis subsidiary *(see Note 4.1)* Other than this change in the consolidation method, the movement in the heading over the year breaks down as follows:

In € millions	31/12/2011	31/12/2010
As at 1 January	**373**	**429**
Net profit	4	6
Change in consolidation method	0	-90
Change in consolidation scope	119	-8
Fair value and other	-2	-1
Distribution	-2	-4
Exchange differences	7	41
As at 31 December	**498**	**373**

11 Investments in associates

The financial information summary presented below in respect of the main associates represents 100% of the headings concerned and not the percentage held:

In € millions	New Systra	Eurofima	NTV	31/12/2011 Total
Current assets	325	2,095	42	**2,462**
Non-current assets	99	26,176	353	**26,629**
Current liabilities	248	762	41	**1,051**
Non-current liabilities	17	26,291	200	**26,508**
Net assets	**159**	**1,218**	**154**	**1,531**

In € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/2010 Total
Current assets	16	1,693	27	**1,737**
Non-current assets	4	25,723	310	**26,037**
Current liabilities	15	400	20	**436**
Non-current liabilities	0	25,865	114	**25,979**
Net assets	**4**	**1,152**	**203**	**1,359**

Tangible assets purchased under finance lease via the intermediary of Eurofima were capitalised in the SNCF Group financial statements for a gross value of €1,746 million as at 31 December 2011 (€1,897 million as at 31 December 2010). The related financing liability is €1,357 million as at 31 December 2011, compared to €1,737 million as at 31 December 2010. Eurofima is a banking company incorporated under Swiss law and dedicated to railway transportation financing. Eurofima's share capital had not been entirely called up as at 31 December 2011. The callable share capital attributed to SNCF amounts to €386.7 million as at 31 December 2011. On this same date, the share of loans granted to members of countries whose sovereign debt is rated "non-investment grade" (i.e. rating granted by rating agencies of less than BBB-/Baa3) stood at €1,876 million (2,280 million Swiss francs). These loans are included in the non-current assets of the company's statement of financial position. In addition Eurofima shareholders are jointly and severally liable for the undertakings falling under the financing agreements granted by Eurofima to the latter, each shareholder in proportion to its shareholding interest and the maximum amount thereof. This guarantee can only be called following a payment default by the borrower and the related State, which issued the guarantee. The maximum commitment of SNCF amounts to €483.4 million as at 31 December 2011. The French State guarantees all SNCF obligations towards Eurofima (the portion of share capital to be paid up, the fulfilment of financing agreements granted by Eurofima to SNCF and the guarantee granted by SNCF with respect to these financing agreements).

In € millions	Systra	Eurofima	NTV	31/12/2011 Total
Revenue	203	-	24	**24**
Operating profit/(loss)	5	-	-31	**-31**
Net profit/(loss) for the year	**2**	**33**	**-37**	**-4**

In € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/2010 Total
Revenue	324	-	7	**332**
Operating profit/(loss)	-8	-	-17	**-25**
Net profit/(loss) for the year	**-10**	**37**	**-20**	**8**

The profit indicators for Groupe Keolis SAS correspond to the period from 1 January 2010 to 3 February 2010, when the group was still equity-accounted in the SNCF Group consolidated financial statements.

12 INVESTMENTS IN JOINT VENTURES

The Group's share in the assets and liabilities of proportionately consolidated companies is as follows:

In € millions	31/12/2011 Joint ventures within Keolis	EIL	Other	Total	Systra	31/12/2010 Joint ventures within Keolis	EIL	Other	Total
Share of assets and liabilities of joint ventures	-	-	-	-	-	-	-	-	-
Current assets	270	208	69	**546**	102	226	229	76	**634**
Non-current assets	59	510	70	**639**	14	59	410	12	**495**
Current liabilities	292	150	67	**510**	62	255	142	63	**521**
Non-current liabilities	24	100	28	**152**	4	25	30	1	**60**
Net assets	**13**	**468**	**43**	**524**	**50**	**6**	**468**	**24**	**548**

In € millions	31/12/2011 Systra	Joint ventures within Keolis	EIL	Other	Total	Ermewa	Systra	31/12/2010 Joint ventures within Keolis	EIL	Other	Total
Share of net profit of joint ventures	-	-	-	-	-	-	-	-	-	-	-
Revenue	63	951	520	82	**1,617**	15	127	808	161	130	**1,241**
Operating profit	1	48	20	6	**75**	2	7	34	262	8	**313**
Net profit for the year attributable to equity holders of the parent	**0**	**22**	**18**	**4**	**45**	**0**	**7**	**15**	**264**	**6**	**292**

The main change for the year was the Systra group's shift to equity-accounting as at 1 July 2011 *(see Note 4.1)*. Its net profit from January continues to be broken down over the various line items of the Group income statement following the proportionate consolidation of this group over the first half.

The main change for 2010 involved the joint acquisition of EIL, proportionately consolidated at 55% as from 1 September 2010. The net profit includes a capital gain for €206 million and negative goodwill for €57 million recorded as part of the operation.

13 INVENTORIES AND WORK-IN-PROGRESS

As at 31 December 2011, inventories and work-in-progress break down as follows:

In € millions	Gross	Impairment	31/12/2011 Net	31/12/2010 Net	Change
Raw materials	649	-76	573	552	21
Finished goods	414	-104	310	194	116
Production work-in-progress	27	-3	25	159	-135
Inventories and work-in-progress	**1,090**	**-183**	**907**	**905**	**3**

Movements in inventory impairment break down as follows:

In € millions	31/12/2010	Charges	Reversals	Reclassification	Change in scope	31/12/2011
Raw materials and supplies - impairment	-77	-17	18	0	0	-76
Finished goods - impairment	0	0	0	-104	0	-104
Production work-in-progress - impairment	-3	0	0	0	0	-3
Inventory impairment	**-81**	**-17**	**18**	**-104**	**0**	**-183**

14 OPERATING RECEIVABLES

Operating receivables as at 31 December 2011 break down as follows:

In € millions	Gross	Impairment	31/12/2011 Net	31/12/2010 Net	Change
Trade receivables and related accounts	3,801	-152	3,650	3,774	-124
Amounts receivable from the French State and local authorities	1,238	0	1,238	1,163	75
Other operating receivables	2,034	-85	1,949	1,580	369
Net operating receivables	**7,073**	**-236**	**6,837**	**6,517**	**320**

Movements in impairments of trade receivables and other operating receivables were as follows in 2011 and 2010.

In € millions	31/12/2010	Charges	Reversals	Reclassification	Change in scope	Foreign exchange and other	31/12/2011
Trade receivables and related accounts – impairment	-150	-57	56	-3	3	0	-152
Other operating receivables – impairment	-116	-27	32	30	-3	0	-85
Total	**-266**	**-85**	**88**	**27**	**0**	**0**	**-236**

14 Operating receivables

In € millions	31/12/2009	Charges	Reversals	Reclassification	Change in scope	Foreign exchange and other	31/12/2010
Trade receivables and related accounts – impairment	-181	-94	127	15	16	-1	-150
Other operating receivables – impairment	-138	-88	109	4	-2	0	-116
Total	**-319**	**-182**	**235**	**19**	**18**	**-2**	**-266**

Due to its business, Group exposure to credit risk is limited. Tickets are sold to passengers on a cash basis. In addition, the Group has significant relations with a number of public sector customers (RFF, regional authorities, RATP, STIF, armed forces, etc.).
In the SNCF Geodis activity, dependence on customers is reduced by the number of the latter. In carrying out its transport and/or freight forwarding activities, the Group also has the right to hold the merchandise with which it is confided, which reduces the risk of non-payment for services. Finally, based on an assessment of customer credit risk, payment terms and conditions before transport may be determined to limit the risk of non-payment.

While receivables from these customers may be past due, there are no grounds for impairment. Receivables are impaired when the Group is in dispute with a customer or when the ability to recover the receivable in full is modified.

Trade receivables past due break down as follows (gross value):

31/12/2011 In € millions	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,619	522	429	101	50	80	3,801
Total	**2,619**	**522**	**429**	**101**	**50**	**80**	**3,801**

31/12/2010 In € millions	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,777	454	426	132	81	54	3,924
Total	**2,777**	**454**	**426**	**132**	**81**	**54**	**3,924**

15 CASH AND CASH EQUIVALENTS

In € millions	31/12/2011	31/12/2010	Change
Monetary mutual fund (SICAV) equivalent to cash	3,025	3,822	-797
Cash at bank and in hand	878	886	-9
Cash and cash equivalents in the statement of financial position	**3,902**	**4,708**	**-806**
Accrued interest payable	1	1	0
Current bank facilities	242	275	-34
Cash and cash equivalents of discontinued operations classified as assets held for sale and related liabilities	0	86	-86
Cash and cash equivalents in the cash flow statement	**3,660**	**4,346**	**-686**

The operating companies of the Keolis activity in the UK are contractually required to have a certain level of cash and cash equivalents and comply with a Liquidity Maintenance Ratio in order to sustain the public service offering should one of the operators fail. The required amount corresponds to the activity's direct costs for a certain number of weeks until the term of the franchise. Because of this restriction, the liquidity in question is qualified as cash and cash equivalents set aside for the Group. The item amounted to €98 million for the year ended 31 December 2011 (€110 million for the year ended 31 December 2010).

The Group considers the nominal value of investments recorded in cash and cash equivalents to be a reasonable estimate of their market value.

Net cash from operating activities posted a net inflow of €2,563 million in 2011 (€2,286 million in 2010), primarily generated from operations for €2,148 million (€1,431 million in 2010).

Net cash used in investing activities was negative at €1,065 million in 2011 (€1,364 million in 2010), and is primarily attributable to:

– capital expenditure on intangible assets and property, plant and equipment for €2,624 million (€2,817 million in 2010), down 7% compared to 2010 *(see Note 7)*;

– new concession financial assets for €276 million, compared to €242 million in 2010 (application of IFRIC 12 for concession arrangements at Proximité, see *Note 2.* Accounting policies);

– offset by disposals of intangible assets and property, plant and equipment for €478 million in 2011, compared to €533 million in 2010;

– investment grants received for intangible assets and property, plant and equipment for €326 million in 2011, compared to €692 million in 2010.

Net cash used in financing activities was negative at €2,185 million in 2011 (in 2010, the item was negative at €215 million), and is primarily attributable to:

– new borrowings for €1,437 million (€1,922 million in 2010), of which €1,111 million for the parent company (€1,286 million in 2010), including a €866 million EMTN bond issue (€945 million in 2010);

– repayment of the RFF receivable for €106 million, compared to €57 million in 2010 and the CDP receivable for €83 million (€1,192 million en 2010);

– repayments of cash borrowings for €1,852 million (compared to an increase in cash borrowings of €478 million in 2010).

16 EQUITY

16-1 Share capital

As at 31 December 2011, the SNCF share capital primarily comprises:

– €2.2 billion in capital grants essentially representing the various cash contributions of the French State;

– €2.8 billion in property grants representing the various contributions in kind received from the French State.

On 1 January 1983, the State-owned industrial and commercial institution "Société Nationale des Chemins de fer Français" (SNCF) was created, pursuant to the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982. The French State is the sole shareholder.

On the creation of the industrial and commercial public institution SNCF, the State-owned or private real estate assets previously given under concession to the semi-public limited liability company (created on 31 August 1937) which it succeeded were appropriated to it. These assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet under the appropriate asset headings and offset in share capital for the same amount.

16-2 Non-controlling interests (minority interests)

As at 31 December 2011, non-controlling interests break down according to the following sub-groups:

In € millions	31/12/2011	31/12/2010	Change
Geodis	9	9	0
STVA	5	6	-1
Systra	0	14	-14
Ermewa	3	3	0
CapTrain	28	28	0
Keolis	18	13	5
Other	6	6	0
Total	**69**	**80**	**-11**

17 EMPLOYEE BENEFITS

The following provisions were booked for employee benefits:

In € millions	31/12/2011	31/12/2010
Pension obligations	189	214
Provident obligations	46	46
Social welfare initiatives	365	372
Compensation for work-related injuries	768	761
Long-service medals and other benefits	107	81
Gradual cessation of activity and time savings account	356	363
Total provision	**1,831**	**1,836**
of which non-current	*1,695*	*1,752*
of which current	*136*	*83*

The provident plan concerns supplementary benefits for top executives not otherwise covered.

17-1 Description of employee benefits

17-1-1 Compensation for work-related injuries

SNCF Group self-finances the payment of compensation for work-related injuries to active and retired employees of the parent company, independently of the current general regime.

Life annuities are provided in full at the date of grant to injured employees without any seniority conditions. They represent other long-term and post-employment benefits. The portion of the annuity paid during the active period (where applicable) is recorded as a long-term benefit, while the remainder is recorded as a post-employment benefit.

17-1-2 Retired employee social welfare initiatives

The Group implements a number of social welfare initiatives for the personnel of the parent company: access to infrastructures, consultation of social workers, etc. Both active and retired employees may benefit from these initiatives.

A provision in the amount of this post-employment benefit has been recognised.

17-1-3 Gradual cessation of activity

The gradual cessation of activity is a procedure used to adjust the work time of employees who have reached the end of their careers. A work-time formula is thus arranged so as to provide a transition period between professional activity and retirement. A new agreement effective in July 2008 offers the possibility of a gradual or complete cessation for the parent company personnel. The granting of benefits is based on a combination of criteria: years of service, arduousness and employee category. The agreement is treated as a long-term benefit in the consolidated financial statements pursuant to IAS 19.

The calculation is mainly based on the assumed proportion of agents to be covered by the procedure.

17-1-4 Other benefits granted

Through its subsidiaries, the Group participates in pension plans and other employee benefits in accordance with the laws and customs of each country where it is established and outside of the statutory pension plans governed by law. These benefits comprise end-of-career or retirement benefits and bonuses with respect to long-service awards (France), defined benefit pension plans (United Kingdom, Italy (TFR), Germany, the Netherlands, Sweden, Norway, Australia and Canada) and retiree health costs (Canada).

In France, pension benefits paid to an employee on departure are determined in accordance with the national collective agreement or the company agreement in force in the entity. The two main collective agreements in force within the Group are as follows:

- urban public transport collective agreement (CCN_3099) within the Keolis subsidiaries;

- non-rail transport collective agreement (CCN_3085).

These plans can be partially funded.

In Italy, employees receive the *Trattamento di Fine Rapporto di lavoro subordinato* (TFR). This termination benefit, payable by the employer regardless of the reason for the contract's termination, takes the form of a single payment representing approximately 1/14th of the annual compensation per year of service.

In the United Kingdom, there is a defined benefit plan specific to rail activities: the Railways Pension Plan (RPS). The plan is funded by a trust. The amount of the company's obligation is based on the term of the franchise. A franchise adjustment is factored into the calculation of the provision.

17-1-5 Main assumptions used

Provisions for employee obligations are calculated on an actuarial basis, using the projected unit credit method. The parameters used in the modelling of the main employee benefits are as follows:

	31/12/2011	31/12/2010
Gross discount rate	3.80%	4.25%
Inflation rate	2.00%	2.00%
Mortality table: provident obligations and social welfare initiatives	TGH 05/TGF 05	TGH 05/TGF 05
Mortality table: active and retired employees with work-related injuries	TD 88-90	TD 88-90
Mortality table: widows of employees with work-related injuries	TGF 05	TGF 05
Mortality table: gradual cessation of activity	TGF 05	TGF 05
Gross rate of increase of provident benefits (Senior Management Fund)	3.00%	3.00%
Gross rate of increase of social welfare initiatives	2.00%	2.00%
Gross rate of increase of compensation for work-related injuries	2.00%	2.00%
Gross rate of increase of gradual cessation of activity	3.00%	4.00%

With respect to the plans granted by Group subsidiaries, the following assumptions are used:

	31/12/2011			31/12/2010		
	France	UK	Sweden	France	UK	Sweden
Discount rate	3.80%	5.00% / 5.75%	2.44%	4.60%	5.60% / 5.40%	3.32%
Salary increase rate	2.00% to 3.35%	4.00% / NA	3.00%	3.00%	4.40% / NA	3.00%
Expected rate of return on plan assets	3.50%	7.40% / 6.40%	NA	3.60% to 5.00%	8.15% / 3.70%	NA

As was the case at 31 December 2010, obligations relating to the main post-employment benefits are discounted at the closing date's market rate based on leading corporate bonds of comparable maturity. The benchmark used to determine the discount rate is Bloomberg AA for France. For the UK, the first rate indicated corresponds to that of the Railways Pension Plan previously described. The second rate is the one used for the plans of the freight transport subsidiaries. The rate for Sweden solely concerns the plans covering the subsidiaries of the SNCF Geodis division.

17-2 Present value of obligations and provisions

For post-employment benefit obligations, the Group progressively records actuarial differences arising from experience impacts and changes in actuarial assumptions in accordance with the corridor method. Amendments to the different plans are also recognised progressively on a straight-line basis in profit or loss or immediately in profit or loss if the rights are irrevocably vested. For long-service awards and other long-term benefits, actuarial gains and losses and changes to the plans are immediately recognised in profit or loss for the full amount.

For 2011, changes in the present value of obligations, the balance sheet provision and the fair value of plan assets with respect to pension obligations are as follows:

31/12/2011 In € millions	Pension obligations	Actuarial gains and losses and "franchise adjustment not recognised"	Past service cost not recognised	Fair value of assets	Present value of obligations	*Funded*	*Unfunded*
Opening provision	**214**	-	-	-	-	-	-
Fair value of the plan's surplus assets	-1	-	-	-	-	-	-
Opening net assets / liabilities	**213**	**-78**	**-1**	**-353**	**645**	***505***	***140***
Current service cost	36	0	0	0	36	-	-
Interest expense (including "franchise adjustment")	30	0	0	0	30	-	-
Employee charges	0	0	0	0	0	-	-
Actuarial gains and losses	1	-63	0	29	35	-	-
Paid benefits	-11	0	0	-1	-10	-	-
Past service cost recognised	0	0	-1	0	1	-	-
Impact of curtailments and settlements	1	0	0	0	0	-	-
Group structure and exchange rate impacts	-6	0	0	0	-6		
Employee contributions	0	0	0	0	0	-	-
Employer contributions	-57	0	0	-57	0	-	-
Expected rate of return on plan assets	-29	0	0	-29	0	-	-
Closing net assets / liabilities	**177**	**-141**	**-2**	**-411**	**730**	***554***	***177***
Fair value of the plan's surplus assets	12	-	-	-	-	-	-
Closing provision	**189**	-	-	-	-	-	-

Breakdown of plan assets	31/12/2011
Bonds	41
Shares	320
Real estate	19
Other	31
Total fair value of plan assets	**411**

As part of the spin-off on 1 September 2010, the UK partners of EIL, including LCR, pledged to finance a portion of the EIL pension plan deficit over a given period. The employer contributions include a €39 million exceptional payment made directly to the fund by these partners. The deficit recognised at the previous closing was absorbed in order to ultimately present a pension asset of €10 million.

17 Employee benefits

The change in provisions and the net present value of obligations for all 2011 plans other than pension plans and for all 2010 plans break down as follows:

31/12/2011 In € millions	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service medals and other benefits
Opening provision	**46**	**372**	**761**	**363**	**81**
Actuarial gains and losses and "franchise adjustment" not recognised in the opening balance	-2	-127	63	0	0
Past service cost not recognised in the opening balance	0	0	0	0	0
Present value of the obligation at the beginning of the period	**44**	**245**	**824**	**363**	**81**
Current service cost	1	4	31	27	13
Interest expense (including "franchise adjustment")	2	10	34	15	2
Actuarial gains and losses	0	7	50	-15	15
Past service cost	0	0	0	0	-6
Expected rate of return on plan assets	0	0	0	0	0
Paid benefits	-2	-14	-66	-34	-5
Impact of curtailments and settlements	0	0	0	0	0
Group structure and exchange rate impacts	0	0	0	0	1
Present value of the obligation at the end of the period	**45**	**253**	**872**	**356**	**100**
Actuarial gains and losses and "franchise adjustment" not recognised	2	112	-105	0	0
Past service cost not recognised in the closing balance	0	0	0	0	6
Closing provision	**46**	**365**	**767**	**356**	**107**

31/12/2010 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service medals and other benefits
Opening provision	**114**	**45**	**378**	**753**	**344**	**41**
Actuarial gains and losses and "franchise adjustment" not recognised in the opening balance	-2	-4	-139	51	0	0
Present value of the obligation at the beginning of the period	**112**	**41**	**239**	**804**	**344**	**41**
Current service cost	33	1	4	40	24	16
Interest expense (including "franchise adjustment")	21	2	10	35	15	1
Actuarial gains and losses	81	2	4	10	-2	0
Past service cost	1	0	0	0	0	0
Expected rate of return on plan assets	-19	0	0	0	0	0
Paid benefits	-35	-2	-12	-64	-19	-4
Impact of curtailments and settlements	0	0	0	0	0	2
Group structure and exchange rate impacts	97	0	0	0	0	24
Present value of the obligation at the end of the period	**292**	**44**	**245**	**824**	**363**	**81**
Actuarial gains and losses and "franchise adjustment" not recognised	-78	2	127	-63	0	0
Closing provision	**214**	**46**	**372**	**761**	**363**	**81**

The amount of the obligation with respect to the agreement covering the gradual cessation of activity is calculated based on a membership assumption of 23% in 2010 and 24.5% in 2011. An upward or downward change in this assumption of 100 basis points would have an impact of approximately €10 million.

17-3 Net expense recorded in profit or loss

All movements in the provision for pension and similar obligations are recorded in gross profit under "Employee benefits expense," except for the interest expense, recorded in "Finance costs".

The expense recorded for defined benefit schemes included in "Employee benefits expense" amounted to €2.3 billion in 2011 (€2.1 billion over 2010).

The overall Income statement expense for defined benefit schemes may be broken down as follows:

31/12/2011 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service medals and other benefits	Total
Current service cost	36	1	4	31	27	13	112
Past service cost	1	0	0	0	0	1	2
Impact of curtailments/ settlements	0	0	0	0	0	0	-1
Employee charges	0	0	0	0	0	0	0
Other	-9						-9
Gross profit	**28**	**1**	**4**	**31**	**27**	**13**	**104**
Finance cost (including franchise adjustment)	30	2	10	34	15	2	92
Expected rate of return on plan assets	-29	0	0	0	0	0	-29
Actuarial gains and losses	1	0	-7	8	-15	15	2
Finance cost	**1**	**2**	**3**	**42**	**0**	**17**	**65**
Expense recognised	**29**	**3**	**7**	**72**	**27**	**30**	**169**

31/12/2010 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service medals and other benefits	Total
Current service cost	33	1	4	40	24	16	119
Past service cost	1	0	0	0	0	2	3
Impact of curtailments/ settlements	-1	0	0	0	0	0	-1
Gross profit	**33**	**1**	**5**	**40**	**24**	**18**	**121**
Finance cost (including franchise adjustment)	22	2	10	35	15	1	85
Expected rate of return on plan assets	-19	0	0	0	0	0	-19
Actuarial gains and losses	0	0	-8	-3	-2	1	-12
Finance cost	**4**	**2**	**2**	**32**	**13**	**1**	**54**
Expense recognised	**37**	**3**	**6**	**72**	**37**	**19**	**175**

17-4 Experience adjustments

Present values of obligations, fair values of plan assets and experience adjustments are as follows:

31/12/2011 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account
Present value of the obligation	730	45	253	872	356
Fair value of plan assets at the end of the period	-411	0	0	0	0
Financial position	**320**	**45**	**253**	**872**	**356**
Experience adjustments relating to:					
– liabilities	3	0	9	6	-1
– assets	2	0	0	0	0

31/12/2010 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account
Present value of the obligation	645	44	246	824	363
Fair value of plan assets at the end of the period	-353	0	0	0	0
Financial position	**292**	**44**	**246**	**824**	**363**
Experience adjustments relating to:					
– liabilities	4	1	-3	-13	0
– assets	-1	0	0	0	0

31/12/2009 In € millions	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account
Present value of the obligation	146	41	238	804	344
Fair value of plan assets at the end of the period	-34	0	0	0	0
Financial position	**112**	**41**	**238**	**804**	**344**
Experience adjustments relating to:					
– liabilities	0	0	1	-24	0
– assets	1	0	0	0	0

17-5 Circulation privileges

SNCF employees (active employees and their beneficiaries and retired employees) receive privileges which enable them to travel under certain circumstances at prices that differ from the market. SNCF Group considers that these travel privileges do not have a material impact on its production resources and that the marginal average cost of this programme is lower than the reservation fees paid by the beneficiaries.

18 PROVISIONS

Movements in provisions for contingencies and losses during the year break down as follows:

In € millions	01/01/2011	Charges	Reversals used	Reversals not used	Other	31/12/2011	*Of which current*	*Of which non-current*
Tax, employee and customs risks	62	75	-5	-11	1	122	*18*	*105*
Environmental risks	366	16	-20	-6	0	355	*19*	*336*
Litigation and contractual disputes	509	105	-53	-164	0	396	*87*	*309*
Restructuring costs	22	17	-16	-4	3	24	*21*	*2*
Other	200	82	-37	-81	21	185	*70*	*115*
Total provisions	**1,159**	**295**	**-132**	**-266**	**25**	**1,082**	***215***	***867***

18-1 Observations on provisions

In the interests of prudence, SNCF records provisions in respect of contested revised tax assessments.

As at 31 December 2011, the following environmental risks are provided in the accounts:

- site decontamination: €84 million (€93 million in 2010),

- asbestos-related costs: €266 million (€265 million in 2010).

The provision for litigation and contractual disputes encompasses risks relating to legal disputes and the settlement of contracts, as well as contractual disputes provision. With respect to RTE, the €106 million provision as at 31 December 2010 was reversed over the period.

Other provisions include a contingency provision in respect of firm orders for equipment. This provision decreased by €69 million with respect to capital expenditure over the period which was immediately impaired for the same amount. Movements are offset in "Impairment losses" in the income statement. The contingency provision in respect of firm orders for Freight equipment amounted to €17 million at the closing (€75 million in 2010).

19 FINANCIAL LIABILITIES

This note provides a breakdown of Group financial liabilities by nature, maturity, currency and interest rate. *Note 20* provides additional disclosures on derivative instruments subscribed by the Group. The hedging strategy is presented in *Note 21*.

Derivative instrument fair values and borrowings include accrued interest payable/receivable.

19-1 Current/non-current breakdown of financial liabilities

Liabilities maturing in less than 12 months at the balance sheet date are recorded in current liabilities.

The fair value of liability derivative instruments is classified in current and non-current liabilities based on the final maturity of the derivative.

19 Financial liabilities

Financial liabilities break down as follows:

In € millions	Note	31/12/2011			31/12/2010		
		Non-current	Current	Total	Non-current	Current	Total
Bonds		10,754	2,175	12,928	10,704	1,289	11,993
Bank borrowings		2,231	269	2,500	2,078	463	2,541
Finance lease obligations		1,854	537	2,390	2,460	476	2,935
Sub-total borrowings		**14,838**	**2,981**	**17,819**	**15,242**	**2,228**	**17,470**
Of which							
- measured at amortised cost		*12,297*	*2,911*	*15,207*	*11,463*	*2,065*	*13,528*
- recognised using fair value hedge accounting		*2,003*	*67*	*2,069*	*3,277*	*65*	*3 342*
- designated at "fair value"		*539*	*4*	*543*	*502*	*98*	*600*
Amounts payable on non-controlling interest purchase commitments		10	487	497	506		506
Negative fair value of hedging derivatives	20	279	40	320	256	39	296
Negative fair value of trading derivatives	20	392	172	564	380	120	501
Loans and borrowings		**15,519**	**3,680**	**19,200**	**16,385**	**2,387**	**18,772**
Cash borrowings and overdrafts		2	1,737	1,739	1	3,597	3,599
Financial liabilities presented in the balance sheet		**15,521**	**5,418**	**20,939**	**16,386**	**5,985**	**22,371**
Réseau Ferré de France receivable	9.1	1,616	227	1,843	1,797	114	1,911
Public Debt Fund receivable	9.2	2,650	1,303	3,954	3,703	317	4,020
Available-for-sale assets[1]		119	5	123	120	133	253
Assets at fair value through profit or loss		131	102	234	-	1,173	1,173
Positive fair value of hedging derivatives	20	553	18	571	371	39	409
Positive fair value of trading derivatives	20	511	215	726	323	94	418
Other loans, receivables and investments[2]	9.4	335	923	1,258	456	523	979
Cash and cash equivalents			3,902	3,902		4,708	4,708
Group net indebtedness		**9,606**	**-1,278**	**8,329**	**9,615**	**-1,116**	**8,499**

(1) Available-for-sale assets do not include investments.
(2) Other loans, receivables and investments do not include the pension assets.

For financial liabilities recognised at fair value in the balance sheet, the fair value hierarchy is shown by category of financial asset and comprises the following three levels under IFRS 7:

Level 1: fair value measured using quoted prices.

Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market.

Level 3: fair value determined using valuation techniques not based on observable market data.

19 Financial liabilities

Financial assets and liabilities valued at fair value break down as follows:

In € millions	31/12/2011					
	Non-current	Current	Total	Level 1	Level 2	Level 3
Bonds	10,754	2,175	12,928	-	2,612	-
Bank borrowings	2,231	269	2,500	0	1	0
Finance lease obligations	1,854	537	2,390	-	-	0
Sub-total borrowings	**14,838**	**2,981**	**17,819**	**0**	**2,612**	**0**
Of which						
- measured at amortised cost	*12,297*	*2,911*	*15,207*			
- recognised using fair value hedge accounting	*2,003*	*67*	*2,069*	-	*2,069*	-
- designated at "fair value"	*539*	*4*	*543*	*0*	*543*	*0*
Amounts payable on non-controlling interest purchase commitments	10	487	497	-	497	-
Negative fair value of hedging derivatives	279	40	320	0	319	-
Negative fair value of trading derivatives	392	172	564	-	564	-
Loans and borrowings	**15,519**	**3,680**	**19,200**	**0**	**3,993**	**0**
Cash borrowings and overdrafts	2	1,737	1,739	-	0	0
Financial liabilities presented in the balance sheet	**15,521**	**5,418**	**20,939**	**0**	**3,993**	**0**

In € millions	31/12/2010					
	Non-current	Current	Total	Level 1	Level 2	Level 3
Bonds	10,704	1,289	11,993	-	3,941	-
Bank borrowings	2,078	463	2,541	0	1	0
Finance lease obligations	2,460	476	2,935	-	-	-
Sub-total borrowings	**15,242**	**2,228**	**17,470**	**0**	**3,942**	**0**
Of which						
- measured at amortised cost	*11,463*	*2,065*	*13,528*			
- recognised using fair value hedge accounting	*3,277*	*65*	*3,342*	-	*3,342*	-
- designated at "fair value"	*502*	*98*	*600*	*0*	*600*	-
Amounts payable on non-controlling interest purchase commitments	506	-	506	-	506	-
Negative fair value of hedging derivatives	256	39	296	-	296	-
Negative fair value of trading derivatives	380	120	501	-	501	-
Loans and borrowings	**16,385**	**2,387**	**18,772**	**0**	**5,245**	**0**
Cash borrowings and overdrafts	1	3,597	3,599	1	0	2
Financial liabilities presented in the balance sheet	**16,386**	**5,985**	**22,371**	**1**	**5,245**	**3**

The net indebtedness of unconsolidated ESH low-rental housing companies as at 31 December 2011 amounted to €2 billion (€1.8 billion as at 31 December 2010).

19-2 Loans and borrowings maturity schedule

Financial liabilities mature as follows:

In € millions	31/12/2011	31/12/2010
Less than 1 year	2,990	2,247
1 to 5 years	4,197	5,463
More than 5 years	9,916	9,344
Changes in fair value (designated at "fair value")	155	62
Changes in fair value (hedge accounting)	562	354
Total	**17,819**	**17,470**
Amounts payable on non-controlling interest purchase commitments	497	506
Fair value of non-current derivatives	672	637
Fair value of current derivatives	212	160
Total loans and borrowings	**19,200**	**18,772**

The maturity schedule for SNCF borrowings, based on year-end exchange and interest rates, is as follows:

In € millions	31/12/2011		31/12/2010	
	Nominal	Interest	Nominal	Interest
Borrowings				
Less than 1 year	2,680	607	1,951	586
1 to 2 years	1,307	545	1,875	547
2 to 3 years	930	469	1,413	506
3 to 4 years	1,197	459	603	431
4 to 5 years	769	420	1,429	425
More than 5 years	9,995	3,026	9,336	3,026
Total	**16,878**	**5,527**	**16,607**	**5,521**

19-3 Breakdown of loans and borrowings by foreign currency

The breakdown by foreign currency of loans and borrowings, before and after adjustment for derivatives, is as follows:

In € millions	Initial debt structure		Structure after currency hedging	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Euro	12,944	12,706	16,734	16,551
Swiss franc	2,019	1,832	335	329
US dollar	622	635	354	223
Canadian dollar	143	148	24	31
Pound sterling	1,185	1,204	345	295
Yen	597	635	7	0
Australian dollar	184	0		
Hong Kong dollar	107	0		
Other	18	310	20	31
Total borrowings	**17,819**	**17,470**	**17,819**	**17,470**

The pound sterling denominated debt is fully hedged by pound sterling assets, while Swiss franc and dollar denominated debt are partially hedged by Swiss franc and dollar assets.

19-4 Breakdown of loans and borrowings by interest rate

The breakdown by interest rate of loans and borrowings, before and after adjustment for derivatives, is as follows:

In € millions	Initial debt structure		Structure after IFRS hedging	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Fixed rate	13,101	11,744	12,374	10,616
Floating rate	4,718	5,725	5,445	6,855
Total borrowings	**17,819**	**17,470**	**17,819**	**17,470**

The breakdown of borrowings by interest rate takes into account the impact of both hedging derivatives and trading derivatives.

19-5 Fair value of financial liabilities

The difference between the net carrying amount and nominal value of liabilities designated at fair value is as follows:

In € millions	31/12/2011		31/12/2010	
	Fair value	Nominal value	Fair value	Nominal value
Borrowings at fair value	543	474	600	586

The value of borrowings recorded is as follows:

In € millions	31/12/2011		31/12/2010	
	Fair value	Net carrying amount	Fair value	Net carrying amount
Borrowings	17,971	17,819	17,676	17,470
Cash liabilities	1,739	1,739	3,599	3,599
Total borrowings	**19,710**	**19,558**	**21,275**	**21,068**

20 DERIVATIVE FINANCIAL INSTRUMENTS

Current and non-current asset and liability derivative instruments break down as follows:

In € millions	31/12/2011			31/12/2010		
	Non-current	Current	Total	Non-current	Current	Total
Asset derivative instruments						
Cash flow hedging derivatives	227	-23	**204**	8	-1	**6**
Fair value hedging derivatives	326	41	**367**	363	40	**403**
Trading derivatives	511	215	**726**	323	94	**418**
Hedging derivatives of a net investment in a foreign operation	0	0	**0**	0	0	**0**
Total asset derivative instruments	**1,064**	**233**	**1,297**	**694**	**133**	**828**
Liability derivative instruments						
Cash flow hedging derivatives	276	29	**305**	68	52	**120**
Fair value hedging derivatives	4	11	**15**	188	-13	**175**
Trading derivatives	392	172	**564**	380	120	**501**
Hedging derivatives of a net investment in a foreign operation	0	0	**0**	0	0	**0**
Total liability derivative instruments	**672**	**212**	**884**	**637**	**160**	**796**

20-1 Foreign currency derivatives

The SNCF Group operates regularly on the foreign currency derivatives market, primarily in order to hedge borrowings issued. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

	Balance sheet fair value as at 31/12/2011					Balance sheet fair value as at 31/12/2010				
In € millions	Cash flow hedge	Fair value hedge	Trading	Hedging of a net investment in a foreign operation	Total	Cash flow hedge	Fair value hedge	Trading	Hedging of a net investment in a foreign operation	Total
Currency swaps (with principal)	0	-	25	0	**25**	0	0	20	0	**20**
Currency swaps	233	160	274	0	**667**	0	279	244	0	**524**
Forward foreign currency purchases	0	-	1	0	**1**	1	0	0	0	**1**
Forward foreign currency sales	0	-	0	0	**0**	0	0	0	0	**0**
Foreign currency options	0	-	0	0	**0**	0	0	0	0	**0**
Asset derivative instruments	**233**	**160**	**300**	**0**	**693**	**1**	**280**	**264**	**0**	**545**
Currency swaps (with principal)	-	-	0	0	**0**	-	-	28	0	**28**
Currency swaps	203	7	174	0	**384**	26	158	180	0	**364**
Forward foreign currency purchases	1	-	0	0	**1**	-	-	-	0	**0**
Forward foreign currency sales	0	-	1	0	**1**	-	-	-	0	**0**
Foreign currency options	0	-	0	0	**0**	-	-	-	0	**0**
Liability derivative instruments	**205**	**7**	**175**	**0**	**386**	**26**	**158**	**208**	**0**	**392**
Net foreign currency position	**29**	**153**	**125**	**0**	**307**	**-25**	**122**	**56**	**0**	**154**

As at 31 December 2011 and 2010, the nominal commitments and maturities of the different instruments subscribed are as follows:

20-1-1 Currency swaps with an underlying liability

In millions	Nominal commitments received 31/12/2011											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	600	492	-	-	-	-	-	-	-	-	1,375	1,128
US dollar	220	157	-	-	-	-	-	-	100	71	-	-
Canadian dollar	-	-	-	-	-	-	150	108	-	-	-	-
Pound sterling	21	24	-	-	-	-	29	33	21	24	550	630
Yen	-	-	-	-	-	-	30,000	275	0	0	26,500	243
Australian dollar	-	-	-	-	-	-	200	143	-	-	-	-
New Zealand dollar	-	-	-	-	-	-	-	0	-	-	-	-
Hong Kong dollar	-	-	200	18	832	77	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total	-	**673**	-	**18**	-	**77**	-	**558**	-	**96**	-	**2,061**

In millions	Nominal commitments received 31/12/2010											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	600	480	-	-	-	-	-	-	1,225	980
US dollar	200	150	220	165	-	-	-	-	-	-	100	75
Canadian dollar	-	-	-	-	-	-	-	-	150	113	-	-
Pound sterling	31	36	21	24	-	-	-	-	29	33	571	664
Yen	10,000	92	0	0	-	-	-	-	30,000	276	26,500	244
Australian dollar									200	152		
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	-	-	200	19	832	80	-	-	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total	-	**277**	-	**668**	-	**19**	-	**80**	-	**574**	-	**2,022**

20 Derivative financial instruments

In millions	Nominal commitments given 31/12/2011					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	613	22	73	502	112	2,070
Total	**613**	**22**	**73**	**502**	**112**	**2,070**

In millions	Nominal commitments given 31/12/2010					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	295	613	22	73	502	2,065
Total	**295**	**613**	**22**	**73**	**502**	**2,065**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

In millions	31/12/2011		31/12/2010	
	Interest flows received	Interest flows paid	Interest flows received	Interest flows paid
Less than 1 year	118	-65	122	-58
1 to 2 years	105	-58	112	-52
2 to 3 years	104	-58	99	-48
3 to 4 years	102	-55	98	-48
4 to 5 years	78	-41	96	-45
More than 5 years	641	-323	678	-282
Total	**1,148**	**-601**	**1,206**	**-534**

20-1-2 Currency swaps with an underlying asset

In millions	Nominal commitments given 31/12/2011											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	600	492	-	-	-	-	-	-	-	-	-	-
US dollar	130	93	-	-	-	-	-	-	-	-	-	-
Canadian dollar	2	1	-	-	-	-	150	108	-	-	-	-
Pound sterling	30	34	-	-	-	-	-	-	-	-	-	-
Australian dollar	20	14	-	-	-	-	-	-	-	-	-	-
New Zealand dollar	150	87	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	200	18	-	-	-	-	-	-	-	-
Total		**721**		**18**		**0**		**108**		**0**		**0**

In millions	Nominal commitments given 31/12/2010											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate	foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	600	480	-	-	-	-	-	-	-	-
US dollar	100	75	100	75	-	-	-	-	-	-	-	-
Canadian dollar	-	-	-	-	-	-	-	-	150	113	-	-
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	-	-	200	19	-	-	-	-	-	-
Total	-	**75**	-	**555**	-	**19**	-	**0**	-	**113**	-	**0**

In millions	Nominal commitments received 31/12/2011					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	564	22	0	92	0	0
Total	**564**	**22**	**0**	**92**	**0**	**0**

In millions	Nominal commitments received 31/12/2010					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	83	472	22	0	92	0
Total	**83**	**472**	**22**	**0**	**92**	**0**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

In millions	31/12/2011 Interest flows received	31/12/2011 Interest flows paid	31/12/2010 Interest flows received	31/12/2010 Interest flows paid
Less than 1 year	6	-17	7	-19
1 to 2 years	1	-6	4	-16
2 to 3 years	1	-5	1	-6
3 to 4 years	0	-5	1	-5
4 to 5 years	0	0	0	-5
Total	**9**	**-33**	**13**	**-52**

20-2 Interest rate derivatives

The Group operates in the interest rate swap and swaption market in order to manage its exposure to interest rate risk on borrowings. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

In € millions	Balance sheet fair value as at 31/12/2011 Cash flow hedge	Fair value hedge	Trading	Hedging of a net investment in a foreign operation	Total	Balance sheet fair value as at 31/12/2010 Cash flow hedge	Fair value hedge	Trading	Hedging of a net investment in a foreign operation	Total
Fixed-rate receiver swaps	0	208	427	0	**634**	0	124	152	0	**276**
Fixed-rate payer swaps	-30	-	-3	0	**-33**	5	0	-5	0	**-1**
Index-based swaps	-	-	2	0	**2**	0	0	4	0	**4**
Swaptions	0	-	0	0	**1**	0	0	2	0	**2**
Asset derivative instruments	**-30**	**208**	**426**	**0**	**604**	**5**	**124**	**153**	**0**	**282**
Fixed-rate receiver swaps	35	0	0	0	**35**	0	0	0	0	**0**
Fixed-rate payer swaps	62	8	357	0	**427**	91	16	243	0	**350**
Index-based swaps	0	0	15	0	**16**	-	2	18	0	**20**
Swaptions	3	-	17	0	**20**	3	-	32	0	**35**
Liability derivative instruments	**101**	**8**	**389**	**0**	**498**	**95**	**18**	**293**	**0**	**405**
Net interest rate position	**-130**	**200**	**37**	**0**	**106**	**-90**	**106**	**-139**	**0**	**-123**

As at 31 December 2011 and 2010, the nominal value and maturities of the different instruments subscribed were as follows:

In € millions	31/12/2011 Net long-term debt	31/12/2011 Net short-term debt	31/12/2010 Net long-term debt	31/12/2010 Net short-term debt
Fixed-rate receiver swaps	3,533	76	3,033	3,609
Fixed-rate payer swaps	5,859	544	5,943	2,098
Index-based swaps	1,060	0	1,035	0
Swaptions	238	144	0	0

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

In € millions	Net interest flows 31/12/2011 Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed-rate receiver swaps	80	81	80	83	82	669
Fixed-rate payer swaps	-116	-94	-93	-82	-81	-640
Index-based swaps	-1	-1	-1	-1	-1	-9
Swaptions	-4	-3	-3	-1	-1	-2
Total	**-42**	**-18**	**-16**	**-2**	**-1**	**19**

In € millions	Net interest flows 31/12/2010 Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed-rate receiver swaps	72	75	72	72	74	644
Fixed-rate payer swaps	-145	-126	-100	-96	-88	-839
Index-based swaps	-1	-1	-1	-1	-1	-10
Swaptions	5	3	2	1	0	2
Total	**-69**	**-50**	**-28**	**-25**	**-14**	**-203**

21 MANAGING MARKET RISKS AND HEDGING

The management of market risks is governed by a general framework, approved by the SNCF Group Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

21-1 Management strategy

21-1-1 Interest rate risk management

The cost of long-term net indebtedness is optimised, with regard to interest rates, by managing the mix of fixed and floating rate borrowings. The Group uses firm and optional interest rate swap instruments within the limits defined, for SNCF, by the aforementioned general framework.

From an economic standpoint, fixed-rate net borrowings of the parent company represented 79.6% of total borrowings as at 31 December 2011, compared to 77.2% as at 31 December 2010. On the same basis, the cost of long-term net indebtedness was 3.18% for fiscal year 2011, compared to 3.35% for fiscal year 2010.

Sensitivity analysis:
Fixed-rate financial instruments recorded at amortised cost are not exposed to interest rate risk as defined by IFRS 7.

Floating-rate financial instruments not designated as hedged items in a cash flow hedging relationship are affected by fluctuations in market interest rates. As such, they are included in the analysis of the sensitivity of the income statement.

In fair value hedges, changes in the fair value of hedging instruments and hedged items attributable to fluctuations in market interest rates, largely offset each other in the income statement of the period. As such, these instruments are not exposed to interest rate risk.

Fluctuations in market interest rates impact the fair value of derivative financial instruments designated as hedging instruments in a cash flow hedging relationship. Such fluctuations are taken into account when assessing the sensitivity of equity.

Fluctuations in market interest rates impact the fair value of non-derivative financial instruments designated at fair value. Such fluctuations are taken into account when assessing the sensitivity of the Income statement.

Fluctuations in market interest rates impact the fair value of derivative financial instruments not participating in a hedging relationship as defined by IAS 39. Such fluctuations are taken into account when assessing the sensitivity of the Income statement.

From an accounting standpoint for the parent company, a 1% increase in the interest rate curve as at 31 December 2011 would have a positive impact of €27 million on Group net profit (positive impact of €179 million for 2010) and €25 million on equity (positive impact of €35 million for 2010).

This hypothetical increase of €27 million in Group net profit breaks down as follows:

- -€18 million on floating-rate financial instruments not designated as hedged instruments in a cash flow hedging relationship (-€22 million in 2010);

- +€26 million on liabilities designated at fair value (+€28 million in 2010);

- +€19 million on trading derivatives (+€173 million in 2010).

In addition, the same increase in the interest rate curve would have a positive impact of €23 million on net short-term cash held by the parent company (positive impact of €19 million in 2010).

21-1-2 Foreign currency risk management

The commercial activities of the Group do not expose it to material foreign currency risk.

Excluding subsidiaries operating in their own country, Group indebtedness denominated in currencies other than the euro is managed in line with the acceptable risk limit defined, for SNCF, in the same general framework. The Group uses currency swaps for this purpose, generally set up when the borrowing is issued.

Foreign currency denominated borrowings as at 31 December 2011, after hedging by currency swaps, represented 1.94% of total borrowings, compared to 1.52% as at 31 December 2010.

Given the small percentage of unhedged foreign currency denominated borrowings, net profit or loss is not, in the Group's opinion, sensitive to foreign currency risk.

21-1-3 Commodity risk management

The Group's production requirements expose it to the risk of fluctuations in the price of petroleum products. This risk is managed using firm and optional derivatives (swaps, options, caps, floors). The Group does not apply hedge accounting to these transactions.

For 2010, a hedge in the form of a monthly volume cap of 5,000 tonnes was set up beginning 1 June 2010.

For 2011, a hedge in the form of a monthly volume cap of 6,500 tonnes was set up beginning 1 June 2011.

For 2012, a hedge in the form of a monthly volume cap of 1,500 tonnes was set up.

21-1-4 Counterparty risk management

The aforementioned general framework defines, for the parent company, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties.

Volume limits according to investment terms are also defined for each counterparty, taking into account their equity, rating and nationality. The extent to which authorised limits are used, based on nominal transaction amount, is measured daily and reported.

The counterparty approval procedure for derivative products also involves the signature of a framework agreement as well as a collateral agreement. The extent to which the allocated limit is used is measured based on the collateral limit plus a lump-sum amount, taking into account the absolute value of the most significant changes in market value for all collaterised financial agreements with the counterparty.

The main transactions which could generate counterparty risk are:

21-1-4-1 Financial investments

1. Cash and cash equivalents

Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money market mutual funds (UCITS). Given their short residual term and breakdown, no credit risk exposure is generated.

2. Portfolio of available-for-sale assets

In 2008, the Group created a portfolio of medium-term assets to hedge future investment costs. The portfolio is classified in available-for-sale assets *(see Note 9)*.

In 2010, equity declined by €2 million. In 2011, the change was also of little significance since equity improved by €1 million. A change in the credit spreads of less than 0.50% would have further decreased the change in equity by -€1 million.

21-1-4-2 Derivatives

Derivative transactions seek to manage interest rate, foreign currency and commodity risk.

The aforementioned general framework defines, for the parent company, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties. Investment volume and term limits are also defined for each counterparty. The extent to which authorised limits are used, based on future payments or replacement costs, is measured daily and reported.

The counterparty approval procedure for derivative products also involves the signature of a framework agreement. A collateral agreement is also signed with certain counterparties in order to limit counterparty risk.

21-1-5 Liquidity risk management

The parent company assures its daily liquidity through a commercial paper program capped at €3 billion, used in the amount of €0.04 billion as at 31 December 2011 (€1.14 billion as at 31 December 2010) and in the amount of €0.84 billion on average in 2011, compared to €0.83 billion in 2010.

The parent company also set up a Euro commercial paper programme in early 2009 for a maximum amount of €2 billion, used in the amount of €0.66 billion as at 31 December 2011 (€1.78 billion as at 31 December 2010) and in the amount of €1.37 billion on average in 2011 (€1.72 billion in 2010).

In addition, the parent company has bilateral credit lines of €860 million (€940 million in 2010). Total confirmed credit lines of the Group amount to €1,039 million (€1,141 million in 2010) and break down by maturity as follows:

In € millions	Total 31/12/2011	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Confirmed credit lines	1,039	9	1,030	0

In € millions	Total 31/12/2010	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Confirmed credit lines	1,141	251	890	0

21-2 Cash flow hedges

The fair value of derivatives designated as cash flow hedges breaks down by hedged item as follows:

In € millions	Balance sheet fair value as at 31/12/2011	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Bonds	12	-14	-	26
Non-bond borrowings	-27	-18	-3	-6
Finance lease obligations	-49	-19	-19	-11
Loans and receivables	-36	-1	-	-35
Fair value of derivatives designated as cash flow hedges	**-101**	**-52**	**-22**	**-27**

In € millions	Balance sheet fair value as at 31/12/2010	Maturity schedule		
		< 1 year	1 to 5 years	> 5 years
Bonds	-	-	-	-
Non-bond borrowings	-44	-28	-16	-
Finance lease obligations	-63	-26	-37	-
Loans and receivables	-7	0	-7	-
Fair value of derivatives designated as cash flow hedges	**-114**	**-54**	**-60**	**-**

The impacts on equity, profit or loss for the period and reserves break down as follows:

In € millions	Transferable equity
Opening balance (01/01/2011)	-71
Transferred to profit or loss	-49
Changes in effective portion	37
Changes in value of available-for-sale assets	5
Closing balance (31/12/2011)	-79

In 2011, a deferred tax charge of €2 million was offset in equity with respect to changes in the effective value. In relation to total transferable equity attributable to equity holders of the parent, in 2011, the negative change in the fair value of cash flow hedges, net of deferred tax, amounted to €10 million.

In € millions	Transferable equity
Opening balance (01/01/2010)	-130
Transferred to profit or loss	-10
Changes in effective portion	56
Changes in value of available-for-sale assets	13
Closing balance (31/12/2010)	-71

In 2010, a deferred tax charge of €5 million was offset in equity with respect to changes in the effective value. In relation to total transferable equity attributable to equity holders of the parent, in 2010, the change in fair value of cash flow hedges net of deferred tax amounted to €40 million.

21-3 Fair value hedges

Asset and liability items hedged as to fair value are initially recorded at amortised cost and subsequently remeasured at each balance sheet date based on the fair value of the risk hedged. Fair value gains and losses on the hedged risk are offset, except for the ineffective portion, by gains and losses on the hedging derivative.

In € millions	Value difference as at 01/01/2011	Change in fair value	Reclassification of transactions no longer meeting qualification criteria	Value difference as at 31/12/2011
Bonds	-209	-259	-76	-544
Other financial assets	12	-6	0	5
Total	**-197**	**-265**	**-76**	**-539**
Hedging derivatives	**219**	**254**	**-115**	**330**
Ineffectiveness		**-11**		

In € millions	Value difference as at 01/01/2010	Change in fair value	Reclassification of transactions no longer meeting qualification criteria	Value difference as at 31/12/2010
Bonds	160	-409	40	-209
RFF receivable	14	-16	2	-
Other financial assets	20	-3	-5	12
Total	**193**	**-429**	**38**	**-197**
Hedging derivatives	**-176**	**439**	**-35**	**228**
Ineffectiveness		**10**		

22 OPERATING PAYABLES AND OTHER ACCOUNTS IN CREDIT

Operating payables break down as follows:

In € millions	31/12/2011	31/12/2010	Change
Trade payables and related accounts	4,811	4,303	508
o/w amounts payable to suppliers of PP&E	*364*	*335*	*29*
Payments received on account for orders	514	381	133
o/w advances received on sales of PP&E	*7*	*14*	*-8*
Employee-related liabilities	2,314	2,329	-14
Amounts payable to the French State and local authorities	1,265	1,250	15
Other operating payables	500	455	45
Deferred income	1,307	1,478	-171
Total operating payables	**10,711**	**10,196**	**515**

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In € millions	31/12/2011	31/12/2010
Assets classified as held for sale	1	337
Liabilities relating to assets classified as held for sale	4	372
Net impact on balance sheet	**-3**	**-35**

As at 31 December 2010, assets classified as held for sale concerned the planned sale of the subsidiary SeaFrance.

On 28 September 2010, the Group had announced its intention to sell its stake in the subsidiary SeaFrance. The plan called for the selection of an acquirer that could contribute to the company's turnaround and take advantage of its leading position in the area of cross-Channel traffic. As at 31 December 2010, SeaFrance had been classified as a discontinued operation.

On 16 November 2011, the subsidiary was deconsolidated due to the Group's loss of control to the court-appointed receivers following the company's liquidation *(see Note 3)*. The subsidiary's results for the period until its exit from the Group structure were as follows:

In € millions	31/12/2011	31/12/2010
Income	141	169
Expenses	-143	-243
Operating profit/(loss)	-13	-71
Finance costs	-7	-11
Impairment recognised following measurement at fair value less costs to sell	-20	-158
Net profit/(loss) of discontinued operations	-20	-240
Income tax	0	0
Post-tax profit/(loss) of discontinued operations	**-20**	**-240**

23 Assets and liabilities classified as held for sale

The assets and liabilities of SeaFrance were removed from the consolidated statement of financial position. As at 31 December 2010, the main asset and liability categories of SeaFrance classified as held for sale were as follows:

In € millions	31/12/2011	31/12/2010
Intangible assets and property, plant and equipment	0	59
Deferred tax assets	0	1
Inventories and work-in-progress	0	4
Operating receivables	0	30
Financial assets	0	218
Cash and cash equivalents	0	23
Assets classified as held for sale	**0**	**335**

In € millions	31/12/2011	31/12/2010
Employee commitments	0	5
Provisions	0	36
Financial liabilities	0	241
Operating payables	0	86
Liabilities associated with assets classified as held for sale	**0**	**368**

The subsidiary's net cash flows over the year were as follows:

In € millions	31/12/2011	31/12/2010
Net cash used in operating activities	-23	-32
Net cash from (used in) investing activities	-21	4
Net cash used in financing activities	-11	-18
Net decrease in cash	**-55**	**-45**

Prior to classification as held for sale, a provision and asset impairment had been recognised for €194 million as at 31 December 2010 given the financial position.

As at 31 December 2011, the update of the subsidiary's recoverable amount had a negative €20 million impact for 2011. In both cases, the charge impacts the results of Common Operations and Investments and is presented in "Net profit from discontinued operations" in the consolidated income statement.

24 SEGMENT REPORTING

The SNCF Group activity is organised as indicated in *Note 2.23.*

The entry into force of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement led the Group to reclassify the results of Téoz and Lunéa, excluding special trains and auto-trains, from SNCF Voyages to SNCF Proximités *(see Note 3.1).* Segment reporting for fiscal 2010 was therefore adjusted in relation to the information published in the 2010 financial report. This generated internal revenue in 2010 for SNCF Voyages in the amount of €121 million, raising the inter-division elimination by €114 million, and resulted in the transfer from SNCF Voyages to SNCF Proximités of the following:

- external revenue of €433 million;
- negative internal revenue of €7 million;
- gross loss of €91 million;
- current operating loss of €96 million;
- operating profit of €114 million due to the reversal of impairment losses of €210 million;
- total segment assets for €225 million, of which €219 million in non-current assets.

Under its jurisdiction defined by the Law of 1 December 2010, the Rail Activity Regulation Authority was asked to express an opinion on the accounting separation rules for Gares & Connexions. It subsequently asked SNCF to submit proposed accounting separation rules after taking into account its observations.

In order to comply with the target net debt/gross profit ratio of 4, the Board of Directors of 16 February 2012 was asked to increase the equity of Gares & Connexions as of 1 January 2012.

Operating income segment reporting is as follows:

31/12/2011 In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter-division	Total
External revenue	4,779	11,780	6,327	9,208	217	333		32,645
Internal revenue	516	543	952	219	949	5,069	-8,249	
Revenue	**5,295**	**12,324**	**7,279**	**9,427**	**1,166**	**5,402**	**-8,249**	**32,645**
Gross profit	**229**	**811**	**1,020**	**237**	**175**	**548**		**3,020**
Current operating profit/(loss)	**227**	**301**	**581**	**-214**	**64**	**296**		**1,255**
Operating profit/(loss)	**283**	**309**	**-151**	**-205**	**69**	**515**		**821**
Depreciation and amortisation	-3	-495	-439	-354	-110	-285		-1,686
Net charges to provisions	2	-15	-1	-97	0	33		-79
Impairment losses	-83	6	-731	-26	0	-7		-840

31/12/2010 In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter- division	Total
External revenue	4,659	10,683	5,964	8,658	212	290		30,466
Internal revenue	523	513	942	232	922	4,731	-7,862	
Revenue	**5,182**	**11,196**	**6,905**	**8,890**	**1,134**	**5,021**	**-7,862**	**30,466**
Gross profit	**136**	**497**	**1,007**	**104**	**175**	**244**		**2,163**
Current operating profit/(loss)	**130**	**61**	**631**	**-287**	**76**	**-79**		**531**
Operating profit/(loss)	**52**	**555**	**903**	**-327**	**80**	**146**		**1,409**
Depreciation and amortisation	-7	-445	-363	-357	-89	-274		-1,534
Net charges to provisions	1	8	-13	-35	-10	-50		-97
Impairment losses	-79	352	0	-236	0	-14		23

Only transactions with RFF represent more than 10% of Group revenue. These transactions essentially take place within the division and a breakdown is provided in *Note 33.3.*

Total segment assets break down as follows by division:

31/12/2011 In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter- division	Total
Total segment assets	**2,016**	**9,231**	**6,519**	**6,654**	**2,775**	**5,668**	**-161**	**32,701**
Investment grants	-19	-3,619	-102	-62	-981	-322		-5,104
Total segment assets net of grants	**1,997**	**5,612**	**6,417**	**6,591**	**1,794**	**5,346**	**-161**	**27,597**
of which: *Goodwill, PP&E and intangible assets and concession financial assets net of grants*	*0*	*4,281*	*5,593*	*4,213*	*1,665*	*4,109*		*19,860*

31/12/2010 In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter-division	Total
Total segment assets	**1,868**	**9,144**	**6,713**	**6,636**	**2,612**	**6,052**	**-521**	**32,504**
Investment grants	-19	-3,696	-105	-56	-922	-310		-5,107
Total segment assets net of grants	**1,850**	**5,448**	**6,608**	**6,580**	**1,691**	**5,742**	**-521**	**27,397**
of which: Goodwill, PP&E and intangible assets and concession financial assets net of grants	*29*	*4,227*	*5,929*	*4,244*	*1,574*	*4,032*		*20,035*

Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary information is unavailable and the cost to prepare it would be excessive.

Liabilities, income tax expense, and interest income and expense are not monitored by the chief operational decision-maker.

25 PURCHASES AND EXTERNAL CHARGES

Purchases, sub-contracting and other external charges break down as follows as at 31 December 2011:

In € millions	31/12/2011	31/12/2010	Change
Sub-contracting	-5,395	-4,974	-421
Infrastructure fees[1]	-3,817	-3,679	-138
Other purchases and external charges	-6,740	-6,572	-168
Total purchases and external charges	**-15,952**	**-15,224**	**-727**

(1) Infrastructure fees invoiced by RFF and Eurotunnel.

26 EMPLOYEE BENEFIT EXPENSES AND HEADCOUNT

As at 31 December 2011, the employee benefit expenses and headcount break down as follows:

In € millions	31/12/2011	31/12/2010	Change
Wages and salaries	-12,425	-11,940	-485
Other employee benefits	46	9	37
Profit-sharing and incentive schemes	-33	-32	-1
Seconded and temporary employees	-191	-192	0
Total employee benefit expenses	**-12,603**	**-12,154**	**-449**
Average number of equivalent full-time employees	**245,090**	**240,978**	**4,112**

The Keolis and Ermewa business combinations in February 2010 and the joint takeover of EIL in September 2010 contributed to the increase in the employee benefit expenses for €1,894 million in 2010 and €210 million in 2011.

The impact of the reverse discounting of employee obligations in liabilities is recorded in finance costs under the heading "Finance cost of employee benefits" *(see Note 17)*.

27 DEPRECIATION AND AMORTISATION

The charge to depreciation and amortisation net of grant reversals as at 31 December 2011 breaks down as follows:

In € millions	31/12/2011	31/12/2010	Change
Depreciation and amortisation	-2,055	-1,885	-170
Grants released to profit or loss	369	350	19
Depreciation and amortisation, net of grants	**-1,686**	**-1,534**	**-152**

Depreciation and amortisation concern:

- intangible assets in the amount of €213 million (€196 million in 2010);
- property, plant and equipment in the amount of €1,842 million (€1,689 million in 2010).

28 IMPAIRMENT LOSSES

The assumptions and CGUs adopted are presented in *Note 8*. The impacts on the income statement are as follows:

In € millions	31/12/2011	31/12/2010	Change
Intangible assets and property, plant and equipment	-899	22	-921
Goodwill	-3	-54	51
Provisions for liabilities and charges	62	55	7
Impairment losses	**-840**	**23**	**-863**

28-1 SNCF Voyages – TGV France and Europe (excluding Eurostar)

Having taken into account the new data on changes in RFF infrastructure fees, the completion of a TGV asset valuation test led to the impairment of the TGV France and Europe CGU's assets (excluding Eurostar) in the amount of €700 million as at 31 December 2011. The assumptions used are presented in *Note 8*.

28-2 SNCF Infrastructure – Maintenance and engineering

The impairment loss recognised for SNCF Infrastructure as at 31 December 2010 amounted to €79 million. In the absence of any long-term visibility for the Infrastructure CGU, its assets remain 100% impaired. An additional net impairment loss of €83 million was recorded in 2011, of which €16 million for rolling stock. At the 31 December 2011 year-end, all asset categories of this CGU had been 100% impaired. The memorandum of agreement validated on 17 March 2011 *(see Note 3.4)* does not constitute an indication of any reversal in value, since its term is limited to 2011 pending the signature of a new agreement.

28-3 SNCF Geodis – Rail Freight

Within the SNCF Geodis division, the Fret SNCF activity breaks down into four CGUs to reflect the new organisation set up as part of the master development plan released to the public in September 2009 and rolled out in the first half of 2010. The company's rolling stock is impaired based on usage:

— if the equipment has not been allocated or if the equipment's allocated CGU generates negative cash flows:

- 100% impairment of rolling stock that has no market value;

- Net carrying amount written down to the market value if the latter is lower.

— if the equipment's allocated CGU generates positive cash flows, the rolling stock is not impaired.

Due to the lack of improvement noted for the Rail Freight CGU, the assets continue to be impaired. An additional net impairment loss of €12 million was recorded for rolling stock (including firm order commitments) in 2011. As at 31 December 2010, the net expense was €156 million.

At this stage, the Group considers that this impairment level represents the best estimate of impairment losses to be recognised.

In addition, the spare parts inventory for Fret SNCF equipment was impaired for 70% of its value, i.e. €14 million as at 31 December 2010. An additional impairment of €1 million was recognised in 2011.

28-4 SNCF Geodis – Multimodal Transport/ Rail Freight Transport

As at 31 December 2010, an impairment loss of €75 million was recognised for these CGUs, including €54 million for the goodwill allocated.

An additional impairment loss of €20 million was recorded as at 31 December 2011 for the Rail Freight Transport CGU, including €3 million for the goodwill allocated.

28-5 SNCF Voyages – Standard Rolling Stock (Corail, Elipsos)

A net impairment loss reversal in the amount of €210 million was recognised as at 31 December 2010 for the Téoz and Lunéa rolling stock excluding special trains and auto-trains. The reversal arises from the signature of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement *(see Note 3)*.

28-6 SNCF Proximités – INTERCITÉS

A net impairment loss reversal in the amount of €146 million was recognised as at 31 December 2010 for INTERCITÉS rolling stock following the signature of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement *(see Note 3)*.

29 NET PROCEEDS FROM ASSET DISPOSALS

Asset disposals had the following impacts on profit or loss:

In € millions	31/12/2011	31/12/2010	Change
Disposal of intangible assets	21	-1	22
Disposals of property, plant and equipment	272	255	16
Disposals of investments	0	14	-14
Total Net proceeds from asset disposals	**293**	**268**	**24**

As at 31 December 2011, the net proceeds from the disposal of property, plant and equipment primarily concerned the sale of construction leases to ESH companies in the amount of €56 million and the reversal of the capital gain arising from the sale of Saussure land in the amount of €62 million.

The increase of intangible assets during the year was related to the sale by SNCF of software intellectual property rights to RFF.

Net proceeds from the disposal of property, plant and equipment in 2010 essentially concerned real estate disposals (€122 million) and sales of high-tension lines to RTE (€80 million).

30 NET BORROWING COSTS

Net borrowing costs break down as follows:

In € millions	31/12/2011	31/12/2010	Change
Net changes in fair value and hedges	7	-28	35
Interest expense	-271	-275	4
Other interest expense and income	-30	-2	-28
Net borrowing costs and other	**-294**	**-305**	**12**

In € millions	31/12/2011	31/12/2010	Change
Interest expense	-949	-770	-179
Interest income	656	465	191
Net borrowing costs and other	**-294**	**-305**	**12**

Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

31 INCOME TAX EXPENSE

31-1 Analysis of the income tax expense

31-1-1 Tax in the income statement

In € millions	31/12/2011	31/12/2010	Change
Current tax (expense)/income	-353	-117	-235
Deferred tax (expense)/income	57	23	35
Total	**-295**	**-95**	**-201**

As at 31 December 2011, the increase in current tax expense was primarily due to:

– An increase of €80 million relating to tax on the profits of rail companies amounting to €155 million as at 31 December 2011, compared to €75 million as at 31 December 2010 *(see Note 1.1.2.4)*; this tax had a negative €102 million tax proof impact on "Differences in tax rates and tax credits in 2011" (€49 million in 2010);

– A €116 million impact on corporate income tax with regard to the new income tax calculation methods in France determined by the 2011 Amending Finance Act that cap the amount of tax losses that can be offset against taxable income *(see Note 1.1.2.4)*.

31-1-2 Tax in comprehensive income

In 2011, a deferred tax charge of €2 million was recognised in other comprehensive income mainly regarding the changes in the effective value of cash flow hedges.

In 2010, a deferred tax charge of €5 million was recognised in other comprehensive income mainly regarding the changes in the effective value of cash flow hedges.

31-2 Tax proof

In € millions	31/12/2011	31/12/2010
Consolidated net profit/(loss) for the year	**150**	**722**
Share of profit of associates	4	6
Net loss before tax of discontinued operations	-21	-240
Corporate income tax	-295	-95
Net profit/(loss) before tax from ordinary activities	**463**	**1,051**
Income tax rate applicable in France	34.43%	34.43%
Theoretical income tax (expense)/income	**-159**	**-362**
Permanent differences	-1	52
Capitalisation of prior year losses	1	282
Tax losses and temporary differences of the period not capitalised	-35	-41
Impairment of deferred taxes previously capitalised	0	0
Utilisation of tax losses and temporary differences not previously capitalised	-17	5
Differences in tax rates and tax credits	-84	-33
Income tax (expense)/income recorded	**-295**	**-95**
Effective tax rate	**63.81%**	**9.01%**

31-3 Tax assets not recognised

SNCF has opted for the tax grouping regime since 1 July 1988. As at 31 December 2011, the reported tax group comprised 287 subsidiaries, including SNCF Participations, Ermewa Ferroviaire and a certain number of French Geodis subsidiaries.

Group tax losses carried forward as at 31 December 2011 amounted to €5.4 billion, compared to €5.6 billion as at 31 December 2010. Tax assets not recognised at this date totalled €3 billion (€3.0 billion as at 31 December 2010).

In € millions	31/12/2010	Net profit/ (loss)	Equity	Reclassification	Change in consolidation scope and foreign exchange	31/12/2011
Tax losses carried forward	**2,005**	**-88**	**1**	**-166**	**-18**	**1,734**
Employee benefits	401	-2	2	1	0	402
Differences in asset values	-192	103	-9	-162	-4	-264
Finance leases	-40	0	0	3	0	-37
Tax-driven provisions	-80	-12	0	0	0	-92
Financial instruments	-3	3	-3	159	0	156
Remeasurement of identifiable assets and liabilities acquired in business combinations	-275	23	0	-24	-7	-283
Internal profits and losses	84	9	0	1	0	94
Total consolidation restatements	**-105**	**125**	**-11**	**-22**	**-11**	**-24**
Non-deductible provisions and other tax differences	**1,758**	**213**	**11**	**20**	**-4**	**1,997**
Deferred taxes not recognised	**-3,032**	**-191**	**-3**	**168**	**26**	**-3,031**
Net deferred taxes recognised	**626**	**57**	**-2**	**0**	**-6**	**675**
Deferred tax assets	1,094					1,112
Deferred tax liabilities	468					437
Deferred taxes net balance sheet position	**625**					**675**

32 OFF-BALANCE SHEET COMMITMENTS

Following the publication of recommendation 2010-14 on 6 December 2010 relating to off-balance sheet commitments, the AMF *(Autorité des Marchés Financiers)* advised that:

— all current off-balance sheet commitments be taken into account as soon as they are deemed significant or they present a major risk for the company's financial position

— all off-balance sheet commitments be included in a summary memorandum based on an thematic approach and presentation with 3 sections:

- OBSC relating to the company's financing,

- OBSC relating to the company's operations,

- OBSC relating to the Group consolidation scope.

Accordingly, the disclosures on the Group's off-balance sheet commitments were modified as follows:

— The table presentation format was modified to highlight the three sections provided for in the AMF recommendation.

— Station concession agreements initially considered as relating to operations were reclassified as operating leases received for €420 million. Likewise, grants receivable from the Transport Organising Authorities were reclassified as purchase commitments received for non-current assets other than rail equipment for €416 million. As an offset, other operating purchase commitments received were reduced by €836 million.

— Other commitments received totalling €201 million were reclassified in the amount of €181 million as warranties received.

— The Group accounting framework for off-balance sheet commitments was improved, allowing for a more detailed analysis of other operating purchase commitments given. The total of €2,637 million published in 2010 was reclassified in the amount of €929 million, of which €250 million in firm commodity purchase commitments and €679 in purchase commitments for non-current assets other than rail equipment. Commodity purchase commitments have been presented separately since fiscal 2011.

— Operating guarantees given and customs guarantees are presented on separate lines for €316 million and €180 million, respectively, and are no longer combined with personal collateral.

The reclassifications had no impact on total commitments given or received.

The tables below break down the commitments published in 2010 for which reclassifications were made for comparison purposes in accordance with the AMF recommendation:

Commitments received	31/12/2010 2010 published Total commitment	Reclassifications	31/12/2010 2011 comparative Total commitment
Commitments relating to operations		**0**	
Purchase commitments for non-current assets other than rail equipment	0	416	416
Operating leases: property	148	420	568
Commitments relating to operating purchase agreements	950	-836	114
Commitments relating to the Group consolidation scope		**181**	
Warranties	0	181	181
Other commitments received	**201**	**-181**	**20**

32 Off-balance sheet commitments

Commitments given	31/12/2010 2010 published Total commitment	Reclassifications	31/12/2010 2011 comparative Total commitment
Commitments relating to financing		**-526**	
Personal collateral	1,300	-526	774
Commitments relating to operations		**496**	
Investment commitments for operation of rail equipment	6,383	-2	6,381
Purchase commitments for non-current assets other than rail equipment	0	681	681
Operating guarantees	26	316	342
Customs guarantees (Geodis)	0	180	180
Commitments relating to operating purchase agreements	2,637	-929	1,708
Firm commodity purchase commitments (electricity, diesel)	0	250	250
Commitments relating to the Group consolidation scope		**29**	
Other commitments relating to the Group consolidation scope	0	29	29
Other commitments given	**143**	**1**	**144**

Off-balance sheet commitments given and received as at 31 December 2011 were as follows:

Commitments received		Total commitment	Amount of commitments per period: Less than one year	From one to five years	More than five years	31/12/2011 Total commitment	31/12/2010 Total commitment
Commitments relating to financing		**2,185**	**109**	**2,063**	**12**	**2,192**	
Personal collateral	(4)	1,121	97	1,022	2	1,050	
Security interests		25	3	12	10	1	
Unused confirmed credit lines	(8)	1,039	9	1,030	0	1,141	
Commitments relating to operations		**4,901**	**1,020**	**3,400**	**482**	**4,222**	
Investment commitments for operation of rail equipment	(1)	3,115	472	2,619	25	2,993	
Purchase commitments for non-current assets other than rail equipment		532	237	295	0	416	
Property sale undertakings		107	44	62	0	94	
Operating leases: equipment	(6)	428	175	238	15	37	
Operating leases: property	(6)	717	90	186	441	568	
Commitments relating to operating purchase agreements		2	2	0	0	114	
Commitments relating to the Group consolidation scope		**171**	**133**	**37**	**1**	**188**	
Warranties		171	133	37	1	181	
Security commitments (option contracts)		0	0	0	0	6	
Other commitments received		**21**	**16**	**2**	**3**	**21**	
Total commitments received		**7,278**	**1,278**	**5,503**	**497**	**6,623**	

Commitments given		Total commitment	Amount of commitments per period			31/12/2010 Total commitment
			Less than one	From one to five years	More than five years	
Commitments relating to financing		**2,014**	**166**	**494**	**1,354**	**2,185**
Personal collateral	(3)	491	150	165	175	774
Personal collateral: guarantees given for loans to employees	(5)	1,042	10	50	981	1,002
Security interests	(7)	482	6	278	198	409
Commitments relating to operations		**11,730**	**3,405**	**7,636**	**689**	**12,755**
Investment commitments for operation of rail equipment	(1)	6,133	1,310	4,771	52	6,381
Purchase commitments for non-current assets other than rail equipment		812	374	437	1	681
Property sale undertakings		174	77	93	4	288
Operating guarantees		334	54	192	88	342
Customs guarantees (Geodis)		178	143	2	34	180
Operating leases: equipment	(6)	1,536	389	926	222	1,569
Operating leases: property	(6)	1,310	344	704	262	1,356
Commitments relating to operating purchase agreements	(2)	778	264	493	21	1,708
Firm commodity purchase commitments (electricity, diesel)	(10)	474	451	19	5	250
Commitments relating to the Group consolidation scope		**610**	**34**	**2**	**574**	**597**
Security commitments (option contracts)	(9)	553	3	0	550	568
Other commitments relating to the Group consolidation scope		57	31	2	24	29
Other commitments given		**73**	**22**	**19**	**32**	**144**
Total commitments given		**14,427**	**3,627**	**8,151**	**2,649**	**15,680**

1. Commitments given concern investments concluded with rolling stock manufacturers and the Transport Organising Authorities for the future commissioning of rail equipment. The sharp decrease was due to the investments carried out during the period that exceeded the new commitments undertaken. With regard to these commitments, a liability provision for firm freight equipment orders was recognised in the amount of €17 million *(see Note 18)*. Commitments received correspond to investment funding receivable from the Regions for ordered rolling stock. They increased mainly due to the new contributions receivable from the French State since the entry into force of the *Trains d'Équilibre du Territoire* (balancing of regional train service) agreement *(see Note 3)*.

2. Other operating purchase commitments given declined by €1,008 million, as the Group considered that only acceptable amounts with no expected consideration (fines, compensation, etc.) specifically provided for in non-commodity purchase agreements (purchase agreements for infrastructure, transport, intellectual services etc.) should be taken into account. These commitments include rail and station access purchase commitments that increased by €39 million.

3. Security interests given concern guarantees granted by SNCF for €38 million (€57 million in 2010) in respect of Sofiap bank borrowings. They decreased by €193 million in respect of guarantees given by Keolis to secure operations (excluding right-of-way entitlements) and debts.

4. Personal collateral received concerns first-demand bank guarantees with company suppliers for €953 million (€896 million as at 31 December 2010) and the joint and several first-demand counter-guarantee given to SNCF in respect of the loans granted to Sofiap for €38 million (€57 million as at 31 December 2010). These guarantees correspond exactly to the collateral given.

5. Total outstanding on guarantees given by SNCF in respect of property loans secured by employees. Statistically, guarantee calls are very limited.

6. Equipment and property operating leases given decreased by €79 million mainly due to the reduction in outstanding lease payments over time. Equipment and property operating leases received increased by €540 million, of which €284 million for new station concession agreements and €377 million for new transport equipment leases. The increase was offset by a decline in lease payments receivable from buildings under construction for €89 million.

7. Among security interests (formerly security interests, pledges and collateral):

– Securities pledge of €108 million for the Ermewa group (€108 million as at 31 December 2010).

– Pledge of NTV securities to creditors for €84 million (€84 million as at 31 December 2010) as a guarantee of NTV solvency until repayment of the financing.

– Security interests on rolling stock for €262 million (€170 million as at 31 December 2010) to secure a loan.

8. For the unused credit lines, see *Note 21.1.5.*

9. Investment call and put options mainly corresponded to the put option on shares granted by the Group to its partners in the EIL joint venture.

10. The rise in commodity purchase commitments was attributable in the amount of €182 million to the entry into force of the NOME law resulting in an increase in electricity purchase prices.

32-1 Lease transactions

SNCF EPIC carried out transactions in the form rather than substance of a lease. These transactions comprised:

– the leasing of a qualified technological equipment network to a US lessor, who immediately sub-leases it to SNCF for a maximum period of 16 years. The assets in question are all the SNCF EPIC ticket sale and reservation equipment; or

– the sale of rolling stock (Corail Téoz cars, TGV trains, etc. commissioned or to be delivered, etc.) to an investor who immediately sub-leases it to SNCF EPIC for a determined period of 4 to 25 years according to the contracts;

– the leasing of rolling stock to a US lessor for a period of around 40 years, who immediately sub-leases it to SNCF EPIC for a period of 20 years.

In certain cases, the lessor is a fiscally transparent special entity created for this transaction that can only operate for this purpose.

During the sub-leasing (16 years) or leasing (4 to 25 years) periods, all payments made and received in connection with the lease offset each other and do not impact the financial statements, apart from the net profit recognised in the transaction period *(see Note 2.11).* This profit corresponds to the retrocession of a portion of the tax deferral obtained by the investor. The asset sold or leased is maintained in the Group balance sheet.

At the end of the sub-leasing or leasing periods, SNCF EPIC has several options based on the type of transaction:

– exercise a purchase option at a pre-determined price, thus maintaining its initial profit,

– give the equipment to the lessor, who will use it for his own purpose,

– give the equipment to the lessor, for whom SNCF EPIC will act as market sales agent for the equipment, guaranteeing a sale price at least equal to the amount of the purchase option,

– resell the equipment on the lessor's behalf, for a resale commission.

The use, replacement, operation or definition of assets is in no way affected. The risks borne by SNCF EPIC are limited to equipment ownership, the risks generated by French law, and counterparty risks covered by collateralisation contracts.

32-2 Keolis

32-2-1 Procedures for the transfer or sale of Groupe Keolis SAS (formerly Kuvera Développement) securities

Kebexa Participations, AXA Private Equity, Caisse de Dépôt et Placement du Québec (CDPQ) and SNCF Participations signed a shareholders' agreement on 20 April 2007 defining the terms of governance of Kuvera Développement (now Groupe Keolis SAS) and procedures for the sale or transfer of securities. As part of the transfer of securities from the Effia Group (excluding Effia Services) to Groupe Keolis SAS on 4 February 2010, and following the removal of various conditions precedent, an amendment to the shareholders' agreement of 20 April 2007 entered into force. Groupe Keolis SAS is held by Kebexa Participations, SNCF Participations and the managers of the Keolis Group (the "Managers") and member employees of a Group savings plan (through a corporate savings mutual fund). Kebexa Participations is itself held by AXA Private Equity and the Caisse de Dépôt et Placement du Québec.

The shareholders' agreement is valid until 19 April 2022. It will however cease to apply to any party on the sale of their Groupe Keolis SAS or Kebexa Participations securities and may be amended or cancelled in the event of an IPO by Groupe Keolis SAS.

The following commitments were given under the shareholders' agreement, as modified by the amendment of 4 February 2010:

– 5-year lock-in period applicable to Kebexa Participations and Groupe Keolis SAS securities, from 20 April 2007 to 20 April 2012, except for transfers expressly authorised by the shareholders' agreement.

– after this period and for a period of 6 years, which is from 20 April 2012 to 20 April 2018, SNCF Participations irrevocably grants a purchase undertaking to Kebexa Participations covering all its Groupe Keolis SAS securities. The exercise price will correspond to the market value (based on the enterprise value of Groupe Keolis SAS) at the exercise date. During the term of the purchase undertaking, a mechanism also exists should only one of the Kebexa shareholders wish to sell their investment.

From 1 January 2010 to 20 April 2018, Kebexa Participations irrevocably grants SNCF Participations a sale undertaking covering the sale of all its Groupe Keolis SAS securities. The sale undertaking may be exercised at any time by SNCF Participations. From 1 January 2010 to 20 April 2014, the exercise price of this promise shall correspond to the maximum between (i) the market value at the date of exercise and (ii) an amount calculated on the basis of a multiple of the initial investment of Kebexa Participations in Groupe Keolis SAS. Beyond 20 April 2014, the exercise price of the sale undertaking shall correspond to the market value at the exercise date. The market value shall be assessed by the investment banks mandated for this purpose.

– At the end of the lock-in period, which is from 20 April 2012, Kebexa Participations will hold joint pre-emption and sale rights in the event of a transfer by SNCF Participations of its Groupe Keolis SAS securities.

– At the end of the sale undertaking term, which is from 20 April 2018, SNCF Participations will hold a right of sale enforceable against Kebexa Participations and in the event of the sale by Kebexa Participations of its Groupe Keolis SAS securities, joint pre-emption and sale rights.

– Throughout the entire term of the shareholders' agreement, in the event of a change in control of one of the main shareholders of Kebexa Participations, a mechanism provides that a shareholder of Kebexa Participations not affected by the change in control has a priority entitlement to purchase the securities held by the shareholder having undergone a control and permits SNCF Participations, if the shareholder not affected by the change in control has not made use of his entitlement, to purchase or have purchased the securities held by the shareholder having undergone a change in control.

– SNCF Participations may request a highly-reputed third party of its choice to take its place for the exercise of the purchase undertaking granted to Kebexa Participations or the sale undertaking granted by Kebexa Participations.

32-2-2 Dividend distribution commitments

In the shareholders' agreement, as modified by the amendment dated 4 February 2010, SNCF Participations, Kebexa Participations, AXA Private Equity and CDPQ undertook to approve at a shareholders' meeting the yearly distribution of a minimum dividend to be paid by Groupe Keolis SAS, subject to compliance with legal limits and certain financial criteria.

In addition, SNCF Participations holds Groupe Keolis SAS preference shares conferring preferential financial rights (amount of the preferred dividend and priority entitlement to any liquidation bonus on liquidation).

32-2-3 Relations with managers

As part of a shareholders' agreement signed by the Groupe Keolis SAS Managers and shareholders on 20 April 2007, as modified by the amendment dated 4 February 2010, SNCF Participations undertook the following commitments with respect to Managers for a period of 15 years:

– In the event of the transfer by Kebexa Participations, of all its Groupe Keolis SAS securities, SNCF Participations and Kebexa Participations will be entitled to require Managers to sell their Groupe Keolis SAS securities (shares and share subscription warrants).

– Managers grant SNCF Participations and Kebexa Participations a sale undertaking covering their Groupe Keolis SAS securities that must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations. The calculation of the sales price will depend on the date and reasons for the Managers' departure.

– SNCF Participations and Kebexa Participations grant Managers a purchase undertaking covering the entire term of the shareholders' agreement and their investment in Groupe Keolis SAS in the event of permanent disability or death. This undertaking must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations.

– In order to guarantee the repayment of a €7.3 million loan maturing in 2016, granted by the Neuflize Bank OBC to the company representing Managers, SNCF Participations granted a partial purchase undertaking to this company covering Groupe Keolis SAS securities, which would enable it to repay this loan and any corresponding interest. This undertaking may be exercised directly by the Neuflize Bank OBC if the loan is not paid on maturity. In return, the Neuflize Bank OBC granted a sales undertaking to SNCF Participations covering any securities that it may hold following the realisation of the pledge over Groupe Keolis SAS securities granted by Managers.

32-2-4 Pledges

In guarantee of the loan contract signed on 24 May 2007 by Groupe Keolis SAS, its subsidiary Keolis and a consortium of banks, as modified by several amendments, the last of which was dated 28 September 2011, concerning an amortisable loan for an initial principal amount of €395 million and the opening of revolving credit facilities for a total maximum amount of €200 million, the following collateral was pledged in favour of the financial institutions:

– pledge by Groupe Keolis SAS of its bank accounts;

– pledge by Groupe Keolis SAS of Keolis securities;

– pledge by Keolis of Keolis UK securities.

33 RELATED PARTY TRANSACTIONS

SNCF, as an industrial and commercial public institution wholly owned by the French State (via the French Government Shareholding Agency), is related, within the meaning of IAS 24, Related Party Disclosures, to all companies and entities controlled by the French State.

As the ultimate objective of IAS 24 was to draw the attention of consolidated financial statement users to the terms and conditions of transactions not forming part of normal business activities between the Group and third parties with which it has privileged relations, the Group excluded from related party disclosures all transactions entered into on an arm's length basis. The Group's presentation in prior fiscal years involved the adoption of the exemption for public entities in IAS 24 revised applicable to fiscal years beginning on or after 1 January 2011. The new revised standard had no impact on the related party disclosures provided by the Group in its financial statements *(see Note 1. Accounting standards base).*

Disclosures on individually or collectively material transactions concern the following related parties:

- the French State for all relations with it in its role as shareholder; conversely, taxes paid pursuant to ordinary law are excluded from the scope of related party transactions;
- transport Organising Authorities;
- RFF;
- ICF group low-rental housing companies.

No Group companies other than the parent company carry out material transactions with the related parties.

33-1 Transactions with the French State

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport Organising Authorities, not governed by ordinary law.

33-1-1 Public assistance

Public assistance granted to SNCF Group by the State and local communities is presented in the following table:

In € millions	31/12/2011	31/12/2010
Operating grants received	49	59
Total French State (central)	**49**	**59**

33-1-2 Government grants received

SNCF Group receives government grants in the form of third-party financing, primarily from local authorities, for TER rolling stock.

Government grants are deducted from the related assets. Government grants relating to intangible assets and property, plant and equipment are recorded in profit under "Depreciation and amortisation" based on the estimated useful life of the related assets. Government grants relating to concession financial assets are classified as a repayment term of such assets.

In € millions	31/12/2011	31/12/2010
Government grants relating to concession financial assets	232	234
Government grants relating to intangible assets and property, plant and equipment	94	692
Total regions	**326**	**926**

33-2 Transactions with transport Organising Authorities

Services provided with transport Organising Authorities (including STIF) recorded in revenue amounted to €3,781 million for 2011, compared to €3,581 million in 2010.

33-3 Transactions with other state companies

Transactions between SNCF Group and other State companies (EDF, France Telecom, La Poste, etc.) are all performed on an arm's length basis, except for transactions entered into by mutual agreement with RFF, for whom SNCF currently remains one of its main customers.

All other transactions entered into by the Group with related parties are performed on an arm's length basis.

33-3-1 Balance sheet headings

In € millions	31/12/2011	31/12/2010
RFF net receivables (*)	427	392
RFF payables	235	156
RFF net balance sheet position	**192**	**236**

(*) Balance sheet headings excluding the financial receivable presented separately in balance sheet assets.

33-3-2 Income and expenses

In € millions	31/12/2011	31/12/2010
Revenue with RFF	4,668	4,411
Infrastructure fees paid on the French rail network[1]	3,187	3,119
Revenue net of infrastructure fees	**1,481**	**1,292**

(1) Including €2,979 million directly paid to RFF (€2,920 million in 2010) and €208 million through STIF (€199 million in 2010) for 2011.

As these transactions are between related parties owned by the French State, credit risk is considered nil. No doubtful receivables have been identified.

33-4 Transactions with ICF Group ESH low-rental housing companies

33-4-1 Balance sheet headings

In € millions	31/12/2011	31/12/2010
Current financial assets	10	37
Non-current financial assets	355	372
Current financial liabilities	41	48
Non-current financial liabilities	-	-
Related party net balance sheet position	**324**	**361**

Non-current financial assets primarily comprise building loans granted by SNCF and ICF to ESH subsidiaries and equity investments of the ESH subsidiaries. The latter amounted to €145 million and are included in available-for-sale assets *(see Note 9. Financial assets).*

Financial liabilities represent ESH subsidiary investments with ICF.

33-4-2 Income and expenses

Transactions with low-rental housing companies recorded in the income statement are not material.

33-5 Transactions with associates

Transactions with associates are not material.

34 MANAGEMENT COMPENSATION

The Group's key management personnel are members of the SNCF Group Executive Committee. Their cumulative taxable compensation is as follows:

	31/12/2011	31/12/2010	Change
Number of managers concerned	16	12	4
Average number of managers during the year	15	12	3
Total compensation in € millions	**5**	**4**	**1**

35 LITIGATION AND DISPUTES

The Group is involved in a number of legal proceedings and disputes in the course of its operating activities, which are unresolved at the year-end. Provisions are recorded to cover the charges associated with these disputes where they are considered probable and can be quantified or estimated with reasonable accuracy.

35-1 Competition-related disputes

35-1-1 Litigation in the on-line travel sector

Karavel, Promovacances.com, Lastminute and Switch filed complaints with the French Competition Council on 5 August 2002, 25 June 2004 and 4 April 2007 respectively, with regard to on-line travel practices carried out by SNCF and Expédia.

Following proceedings during the summer of 2008 and the decision of SNCF not to challenge the grievances (Article L. 462-2 III of the French Commercial Code), in addition to hearings before the French Competition Council on 2 and 9 December 2008, the Competition Council handed down its ruling on 5 February 2009. Under the ruling, SNCF was ordered to a pay a €5 million fine. The Council also acknowledged the commitments undertaken by SNCF, underlining in its press release that they would provide greater visibility to rail companies arriving on the market, subsequent to the opening of competition to international passenger transport.

SNCF did not appeal the ruling of the Competition Council, which was not the case with Expédia and Karavel. Accordingly, SNCF sought to obtain a voluntary joinder from the court on 10 April 2009. Such a procedure is initiated when the appeal could affect the rights and obligations of the other parties to the Competition Authority proceedings. The case was pleaded on 15 December 2009 and, on 23 February 2010, the Appeal Court confirmed the 5 February 2009 ruling of the Competition Council.

Expedia and Karavel appealed to the Court of Cassation against the Appeal Court's decision, and as with the initial appeal, SNCF joined the proceedings. The Court of Cassation issued its decision in 2011. The two priority issues of constitutionality put forward by Karavel and Expedia were dismissed.

At the same time, Lastminute filed a lawsuit citing alleged damages with the Paris Trade Court in the amount of €27 million. The case was pleaded at the end of September 2010 with a judgment on 26 November 2010.

On 6 August 2010, Karavel also filed a lawsuit with the Paris Trade Court claiming damages of just over €46 million against SNCF. This claim was rushed though as part of fast-track proceedings and an initial hearing took place before the Court on 20 September 2010. The case was then set aside for conclusions on 24 January 2011. At Karavel's request, the hearing for conclusions was postponed to 7 March 2011.

Lastminute and Karavel finally withdrew their lawsuits against SNCF following the settlement concluded between them.

35-1-2 Fret – DGCCRF litigation

An investigation is currently being conducted by the Competition Authority regarding Fret SNCF. An initial notice was received on 28 July 2011 with a certain number of grievances that were all dismissed in Fret SNCF's response, mainly on the grounds that there was no breach of competition rules. The proceedings provide that, after analysis of Fret SNCF's response, a new report is sent to the Competition Authority to which Fret SNCF may again respond if necessary. The conclusive decision of the Competition Authority will be presented in a final report expected in the second half of 2012. Until such time, in the absence of any restrictive ruling for Fret SNCF or any third-party obligations, no provision is recorded in the consolidated financial statements.

36 SUBSEQUENT EVENTS

36-1 SeaFrance

On 9 January 2012, the Paris Trade Court ordered the liquidation of the SeaFrance subsidiary with full closure of business. SNCF announced that it would pay compensation estimated at €50 million to employees who would be dismissed following the definitive closure of business and that it was seeking to relocate 500 of these employees. Following the scheduled period, 15 employees were relocated within the SNCF Group.

36-2 Creation of the new Systra

In early January 2012, the second transfer phase in connection with the creation of the new Systra took place *(see Note 1.3 Major events of the year)*. The SNCF Group transferred its remaining 51% stake in Inexia while the RATP transferred its remaining 51% stake in Xelis. The transfer of securities intended to realign the percentage shareholding of both partners resulted in the collection of a cash-balancing adjustment of €20 million by the SNCF Group.

36-3 Partnership in the hydropower market

On 4 January 2012, the Swedish power company Vattenfall officially confirmed the creation of a consortium with SNCF, Rhodia and ArcelorMittal in the hydropower market in which it will be the principal shareholder. Accordingly, SNCF will set up a subsidiary dedicated to this activity, SNCF Energie, in order to secure a long-term power supply.

36-4 Downgrade of the SNCF rating

After having downgraded France's sovereign rating, on 17 January the rating agency Standard & Poor's announced that it had downgraded the ratings of a certain number of French public companies. SNCF's rating was slightly downgraded from AA+ to AA with a negative outlook.

36-5 Bond issues

On 18 January and 10 February 2012, the SNCF carried out two bonds issues for €450 million over 30 years and €200 million over 20 years, respectively.

37 SCOPE OF CONSOLIDATION

37-1 Number of consolidated companies

The number of companies consolidated by SNCF Group breaks down as follows:

	31/12/2011	31/12/2010	Change
Fully consolidated companies	820	841	-21
Proportionately consolidated companies	46	72	-26
Equity-accounted companies	57	24	33
Total scope of consolidation	**923**	**937**	**-14**

37-2 Detailed scope of consolidation

Consolidation methods:

C: Full Consolidation

PC: Proportionate Consolidation

EA: Equity-Accounted

NC: Not Consolidated

F: Company absorbed by another Group company

Percentage interest: share in the share capital of the consolidated company held by the consolidating company, either directly or indirectly.

Percentage control: percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
PARENT COMPANY						
SNCF	FRANCE	IG	100.00	100.00	100.00	100.00
SNCF VOYAGES						
Alleo	GERMANY	PC	50.00	50.00	50.00	50.00
Artesia	FRANCE	PC	50.00	50.00	50.00	50.00
Avancial	FRANCE	FC	100.00	100.00	100.00	100.00
Brit Cities Limited	UNITED KINGDOM	NC	-	-	100.00	100.00
CRM Services	FRANCE	FC	100.00	100.00	100.00	100.00
Elipsos	SPAIN	PC	50.00	50.00	50.00	50.00
Eurostar Express Limited	UNITED KINGDOM	PC	55.00	55.00	55.00	55.00
Eurostar Group	UNITED KINGDOM	PC	55.00	55.00	100.00	55.00
Eurostar International Ltd.	UNITED KINGDOM	PC	55.00	55.00	55.00	55.00
Eurostar International S.A.	FRANCE	PC	55.00	55.00	55.00	55.00
Eurostar International SPRL	BELGIUM	PC	55.00	55.00	55.00	55.00
Expretio	CANADA	PC	35.00	35.00	-	0
Findworks Technologies	FRANCE	FC	83.98	83.98	83.71	83.71
Findworks Technologies Hungary	HUNGARY	FC	96.00	80.62	80.34	80.34
French Rail Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
French Railways Ltd. (FRL)	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
French Travel Service	UNITED KINGDOM	NC	-	-	100.00	100.00
IDTGV	FRANCE	FC	100.00	100.00	100.00	100.00
Intercapital Regional Rail Ltd.	UNITED KINGDOM	EA	35.00	35.00	35.00	35.00
L'Agence Voyages-sncf.com	FRANCE	FC	50.10	50.10	50.10	50.10
Lyria	FRANCE	PC	74.00	74.00	74.00	74.00
NTV	ITALY	EA	20.00	20.00	20.00	20.00
Rail Distribution Systems	FRANCE	FC	88.00	88.00	-	0
Rail Europe Bénélux	BELGIUM	FC	100.00	100.00	100.00	100.00
Rail Europe Deutschland	GERMANY	FC	100.00	100.00	100.00	100.00
Rail Europe Espana	SPAIN	FC	100.00	100.00	100.00	100.00
Rail Europe Group Limited	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Rail Europe Inc.	UNITED STATES	FC	88.00	88.00	88.00	88.00
Rail Europe Italia	ITALY	FC	100.00	100.00	100.00	100.00
Rail Europe Limited	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Rail Europe Suisse	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Rail Holding AG	AUSTRIA	PC	26.00	26.00	-	0

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Rail Solutions SAS	FRANCE	FC	100.00	100.00	100.00	100.00
RailLink bv	NETHERLANDS	EA	25.00	25.00	25.00	25.00
Railteam bv	NETHERLANDS	EA	25.00	25.00	25.00	25.00
RE 4A	FRANCE	PC	50.00	50.00	50.00	50.00
RENFE-SNCF	SPAIN	PC	50.00	50.00	-	-
Speed	FRANCE	FC	100.00	100.00	-	-
SVD SAS	FRANCE	FC	100.00	100.00	100.00	100.00
SVI srl	ITALY	FC	100.00	100.00	100.00	100.00
Thalys International	BELGIUM	PC	62.00	62.00	62.00	62.00
Transmanche Night Travel Ltd. (TNTL)	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
VFE e-commerce	FRANCE	FC	100.00	100.00	100.00	100.00
Voyages-SNCF.com	FRANCE	FC	100.00	100.00	100.00	100.00
VSC Technologies	FRANCE	FC	100.00	100.00	100.00	100.00
WBCP Development Gmbh	AUSTRIA	PC	26.00	26.00	-	0
Westbahn Management Gmbh	AUSTRIA	PC	26.00	26.00	-	0
Westeam Gmbh	AUSTRIA	PC	26.00	26.00	-	0
SNCF PROXIMITÉS						
Aerobag	FRANCE	FC	100.00	56.53	31.96	56.53
Aerolignes	FRANCE	FC	100.00	56.53	56.53	56.53
Aerolis	FRANCE	FC	50.10	28.32	28.32	28.32
Aéroport Angers Marce	FRANCE	FC	100.00	56.53	56.53	56.53
Aéroport de Troyes Barberey	FRANCE	FC	100.00	56.53	56.53	56.53
Aerosat	FRANCE	FC	85.00	48.05	48.05	48.05
Airelle	FRANCE	FC	100.00	56.53	56.53	56.53
ALPHAMECA	FRANCE	FC	100.00	56.53	56.53	56.53
Athis Cars	FRANCE	FC	99.45	56.22	56.22	56.22
Autobus de Genval	BELGIUM	FC	100.00	56.53	56.53	56.53
Autobus Dony	BELGIUM	FC	100.00	56.53	56.53	56.53
Autobus Dujardin	BELGIUM	FC	100.00	56.53	56.53	56.53
Autobus Lienard	BELGIUM	FC	100.00	56.53	56.53	56.53
Autobussen Monserez-Verhenne	BELGIUM	FC	100.00	56.53	56.53	56.53
Autocars Charriere Fils	FRANCE	FC	99.50	56.25	56.25	56.25
Autocars Delion SAS	FRANCE	FC	100.00	56.53	56.53	56.53
Autocars Jean Vandermeersch	BELGIUM	FC	100.00	56.53	56.53	56.53
Autocars Planche	FRANCE	FC	100.00	56.53	56.53	56.53
Autocars Valenciennois	FRANCE	FC	96.00	54.27	54.27	54.27
Belbus	BELGIUM	FC	100.00	56.53	56.53	56.53
Brussels City Tours	BELGIUM	NC	-	-	28.27	28.27
Bus Immo	BELGIUM	FC	100.00	56.53	56.53	56.53
C.T.C.O.P.	FRANCE	PC	50.00	28.27	28.27	28.27
Caennaise de Services	FRANCE	FC	100.00	56.53	56.53	56.53

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Canal TP	FRANCE	FC	100.00	56.53	56.53	56.53
Cardona-Deltenre	BELGIUM	FC	100.00	56.53	56.53	56.53
Cariane Internationale Développement	BELGIUM	FC	100.00	56.53	56.53	56.53
Cariane Littoral	FRANCE	FC	100.00	56.53	56.53	56.53
Cariane Multimodal International	FRANCE	FC	100.00	56.53	56.53	56.53
Cars de Bordeaux	FRANCE	FC	100.00	56.53	56.53	56.53
Cars Planche	FRANCE	FC	100.00	56.53	56.53	56.53
Cie Tpts Méditerranéens	FRANCE	FC	99.50	56.25	56.25	56.25
CINTRA	BELGIUM	FC	100.00	56.53	56.53	56.53
CINTRAL	BELGIUM	FC	100.00	56.53	56.53	56.53
City Liner	BELGIUM	NC	-	-	56.30	56.30
City Trafik	DENMARK	FC	100.00	56.53	56.53	56.53
Citypendeln	SWEDEN	FC	100.00	56.53	56.53	56.53
Compagnie du Blanc Argent	FRANCE	FC	99.41	56.20	56.20	56.20
CSG Commuter Security	SWEDEN	FC	100.00	56.53	56.53	56.53
Delion Tourisme	FRANCE	FC	100.00	56.53	56.53	56.53
Devillairs	FRANCE	FC	99.92	56.48	56.48	56.48
Drop & go EURL	FRANCE	FC	100.00	56.53	56.53	56.53
Easybus	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA (holding)	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA Concessions	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA Stationnement et Mobilité	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA Stationnement Grenoble	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA stationnement Lille	FRANCE	FC	100.00	56.53	-	-
EFFIA stationnement Lyon	FRANCE	FC	100.00	56.53	-	-
EFFIA Synergies	FRANCE	FC	100.00	56.53	56.53	56.53
EFFIA Transport	FRANCE	FC	100.00	56.53	56.53	56.53
Eltebe	BELGIUM	FC	100.00	56.53	56.53	56.53
Entreprise Charles Caron	FRANCE	FC	100.00	56.53	56.53	56.53
Etablissement Via Autoroute	FRANCE	FC	100.00	56.53	56.53	56.53
Etasse Voyages	FRANCE	FC	100.00	56.53	56.53	56.53
Eurobahn Verkers Services Gmbh	GERMANY	FC	100.00	56.53	56.53	56.53
Eurobus Holding	BELGIUM	FC	90.02	56.53	50.89	56.53
Eurobussing Airport	BELGIUM	FC	100.00	56.53	56.53	56.53
Eurobussing Brussels	BELGIUM	FC	100.00	56.53	56.53	56.53
Eurobussing Vlaanderen	BELGIUM	NC	-	-	56.53	56.53
Eurobussing Wallonie	BELGIUM	FC	100.00	56.53	56.53	56.53
First / Keolis Holdings Limited	UNITED KINGDOM	PC	25.44	25.44	25.44	25.44
First / Keolis Transpennine	UNITED KINGDOM	PC	25.44	25.44	25.44	25.44
First / Keolis Transpennine Holding Ltd.	UNITED KINGDOM	PC	25.44	25.44	25.44	25.44
Fjord1 Partner AS	NORWAY	FC	51.00	28.83	28.83	28.83

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Flanders Bus	BELGIUM	FC	100.00	56.53	56.53	56.53
Flanders Coach Group	BELGIUM	FC	100.00	56.53	56.53	56.53
Garage du Perron	BELGIUM	FC	99.73	56.38	56.38	56.38
Garrel et Navarre	FRANCE	FC	100.00	56.53	56.53	56.53
Gep Vidal	FRANCE	FC	99.98	56.52	56.52	56.52
Gie Orset	FRANCE	FC	100.00	56.53	56.53	56.53
Gino Tours	BELGIUM	FC	100.00	56.53	56.53	56.53
Govia	UNITED KINGDOM	PC	35.00	19.79	19.79	19.79
Groupe Keolis SAS	FRANCE	FC	56.53	56.53	56.53	56.53
Groupe Orleans Express	CANADA	FC	75.00	42.40	42.40	42.40
Heyerick	BELGIUM	FC	100.00	56.53	56.53	56.53
Institut Keolis	FRANCE	FC	100.00	56.53	56.53	56.53
Interhone	FRANCE	FC	100.00	56.53	56.53	56.53
Intrabus Orly	FRANCE	FC	100.00	56.53	56.53	56.53
Itiremia	FRANCE	FC	100.00	100.00	100.00	100.00
Jobard et Cie	FRANCE	FC	100.00	56.53	56.53	56.53
Joye	BELGIUM	FC	100.00	56.53	-	0
KDR Gold Coast PTY Ltd.	AUSTRALIA	FC	51.00	28.83	-	0
KDR Victoria Pty Ltd.	AUSTRALIA	FC	51.00	28.83	28.83	28.83
Keolis	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Abbeville	FRANCE	FC	99.02	55.98	55.98	55.98
Keolis Agen	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Aix Les Bains	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Alençon	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis America Inc.	UNITED STATES	FC	100.00	56.53	56.53	56.53
Keolis Angers	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Arles	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Armor	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Arras	FRANCE	FC	99.40	56.19	56.19	56.19
Keolis Artois	FRANCE	FC	99.99	56.53	56.53	56.53
Keolis Atlantique	FRANCE	FC	99.99	56.53	56.53	56.53
Keolis Auch	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Aude	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Australie Pty	AUSTRALIA	FC	100.00	56.53	56.53	56.53
Keolis Bassin de Thau	FRANCE	FC	100.00	56.42	56.42	56.42
Keolis Besançon	FRANCE	FC	99.96	56.51	56.51	56.51
Keolis Blois	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Bordeaux	FRANCE	FC	99.98	56.52	56.52	56.52
Keolis Boulogne sur Mer	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Bourgogne	FRANCE	FC	99.00	55.96	55.96	55.96
Keolis Brest	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Caen	FRANCE	FC	98.80	55.85	55.85	55.85

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Keolis Cahors	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Calvados	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Camargue	FRANCE	FC	99.97	56.51	56.51	56.51
Keolis Canada Inc.	CANADA	FC	100.00	56.53	56.53	56.53
Keolis Centre	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Châlons-en-Champagne	FRANCE	FC	97.20	54.95	54.95	54.95
Keolis Charente Maritime	FRANCE	FC	95.14	53.78	53.78	53.78
Keolis Château Thierry	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Châteauroux	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Châtellerault	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Chaumont	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Cherbourg	FRANCE	FC	99.92	56.48	56.48	56.48
Keolis Concarneau	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Conseil et Projets	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Deutschland Berlin	GERMANY	FC	100.00	56.53	56.53	56.53
Keolis Deutschland COKG	GERMANY	FC	100.00	56.53	56.53	56.53
Keolis Deutschland Verwaltung	GERMANY	FC	100.00	56.53	56.53	56.53
Keolis Dijon	FRANCE	FC	99.17	56.06	56.06	56.06
Keolis Drôme	FRANCE	FC	99.93	56.49	56.49	56.49
Keolis Drouais	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Emeraude	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis en Cévennes	FRANCE	FC	95.10	53.76	53.76	53.76
Keolis Epinal	FRANCE	FC	100.00	56.53	-	-
Keolis Espagne	SPAIN	FC	100.00	56.53	56.53	56.53
Keolis Eure	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Eure et Loir	FRANCE	FC	99.78	56.40	56.40	56.40
Keolis Garonne	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Gascogne	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Gironde (ex SNCOA)	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Givors	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Grand Tarbes	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Ille et Vilaine	FRANCE	FC	100.00	56.53	-	0
Keolis La Roche sur Yon	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Languedoc	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Laval	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Littoral	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Lorient	FRANCE	FC	99.93	56.49	56.49	56.49
Keolis Lyon	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Manche	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Maritime	FRANCE	FC	99.00	55.96	55.96	55.96
Keolis Maritime Brest	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Marmande	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Mobilité Hauts de Seine	FRANCE	FC	100.00	56.53	56.53	56.53

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Keolis Mobilité Roissy	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Montargis	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Montélimar	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Montluçon	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Morlaix	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Narbonne	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Nederland Holding	NETHERLANDS	FC	100.00	56.53	56.53	56.53
Keolis Nevers	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Nordic	SWEDEN	FC	100.00	56.53	56.53	56.53
Keolis Obernai	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Oise	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Orléans	FRANCE	FC	100.00	56.53	-	0
Keolis Pays d'Aix	FRANCE	FC	100.00	56.53	-	0
Keolis Pays de Montbéliard	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Pays des Volcans	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Pays Nancéien	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Pays Normands	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis PMR Rhône	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Provence	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Pyrénées	FRANCE	FC	95.16	53.79	53.79	53.79
Keolis Quimper	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Rail Service America	UNITED STATES	FC	100.00	56.53	56.53	56.53
Keolis Rail Service Virginia	UNITED STATES	FC	100.00	56.53	56.53	56.53
Keolis Rennes	FRANCE	FC	99.84	56.44	56.44	56.44
Keolis Réseau Départemental Sud Oise	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Rouen Vallée de Seine	FRANCE	FC	100.00	56.53	-	0
Keolis Saint Brieuc	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Saint Malo	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Saintes	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Seine Maritime	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Somme	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Sud Allier	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Sud Lorraine	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Sverige	SWEDEN	FC	100.00	56.53	56.53	56.53
Keolis Touraine	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Tours	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Transit America	UNITED STATES	FC	100.00	56.53	-	0
Keolis Trois Frontières	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis United Kingdom	UNITED KINGDOM	FC	100.00	56.53	56.53	56.53
Keolis Urbest	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Val d' Oise	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Val de Maine	FRANCE	FC	100.00	56.53	56.53	56.53

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Keolis Val de Saone	FRANCE	FC	100.00	56.02	56.53	56.02
Keolis Vesoul	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Vichy	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Vlaanderen	BELGIUM	FC	100.00	56.53	56.53	56.53
Keolis Voyages	FRANCE	FC	100.00	56.53	56.53	56.53
Keolis Yvelines	FRANCE	FC	100.00	56.53	56.53	56.53
KTA	FRANCE	FC	100.00	56.53	56.53	56.53
L.I.M. Collard-Lambert	BELGIUM	FC	100.00	56.53	56.53	56.53
Le Cinacien	BELGIUM	FC	100.00	56.53	-	0
Les Autobus d'Arcachon	FRANCE	FC	100.00	56.53	56.53	56.53
Les bus Boiens	FRANCE	FC	100.00	56.53	56.53	56.53
Les Cars du Bassin de Thau	FRANCE	FC	100.00	56.53	56.53	56.53
Les Cars Roannais	FRANCE	FC	100.00	56.53	56.53	56.53
Les Cars Tixier	FRANCE	FC	100.00	56.53	56.53	56.53
Les Courriers Catalans	FRANCE	FC	100.00	56.53	56.53	56.53
Les Courriers d' Ile de France	FRANCE	FC	99.99	56.52	56.52	56.52
Les Courriers Du Midi	FRANCE	FC	100.00	56.53	56.53	56.53
Les Transports Dunois	FRANCE	FC	100.00	56.53	56.53	56.53
Loisirs et Voyages	FRANCE	FC	100.00	56.53	56.53	56.53
London Midland	UNITED KINGDOM	PC	-	19.79	19.79	19.79
London&South Eastern Railway - LSER	UNITED KINGDOM	PC	-	19.79	19.79	19.79
Lussiez Tourisme	FRANCE	FC	99.00	53.73	55.96	53.73
Luxbus	LUXEMBOURG	FC	100.00	56.53	56.53	56.53
Millau Cars	FRANCE	FC	99.87	56.45	56.45	56.45
Monnet Tourisme	FRANCE	FC	100.00	56.53	56.53	56.53
Monts Jura Autocars	FRANCE	FC	100.00	56.53	56.53	56.53
MTI Conseil	FRANCE	FC	100.00	56.53	56.53	56.53
N.V. Autob. Bronckaers Hamont	BELGIUM	FC	100.00	56.53	56.53	56.53
N.V. Autobusbedrijf Bronckaers	BELGIUM	FC	100.00	56.53	56.53	56.53
N.V. Autobussen De Reyes	BELGIUM	FC	100.00	56.53	56.53	56.53
Netlog	GERMANY	EA	33.00	18.65	18.65	18.65
New Southern Railway	UNITED KINGDOM	PC	-	19.79	19.79	19.79
Nottingham Trams Ltd.	UNITED KINGDOM	FC	80.00	45.22	-	0
NV Aotocars De Boeck	BELGIUM	FC	100.00	56.53	56.53	56.53
NV De Boeck Invest	BELGIUM	FC	100.00	56.53	56.53	56.53
Orgebus	FRANCE	PC	28.27	28.11	28.27	28.11
Pacific Car	FRANCE	FC	100.00	56.53	56.53	56.53
Passerelle CDG	FRANCE	EA	34.00	19.22	19.22	19.22
Prioris	FRANCE	FC	66.00	37.31	37.31	37.31
Prometro	PORTUGAL	EA	20.00	11.31	11.31	11.31

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Quiberon Stationnement	FRANCE	NC	-	-	29.40	29.40
Ramoudt Tours	BELGIUM	FC	100.00	56.53	56.53	56.53
Reniers & C°	BELGIUM	FC	50.03	28.28	28.28	28.28
Réseau en Vosges	FRANCE	FC	70.00	39.57	39.57	39.57
RITMx SAS	FRANCE	FC	100.00	97.85	100.00	97.85
S.A.D.A.R.	BELGIUM	FC	100.00	56.53	56.53	56.53
S.N.T. Comett	FRANCE	FC	100.00	56.53	56.53	56.53
S.T.2.L. Westell	FRANCE	FC	100.00	56.53	56.53	56.53
S.T.A. Chauny	FRANCE	PC	50.00	28.26	28.27	28.27
S.T.E.F.I.M.	FRANCE	FC	100.00	56.53	56.53	56.53
S.T.U. Valentinois	FRANCE	FC	100.00	56.49	56.53	56.48
SA ABC Cars	BELGIUM	FC	100.00	56.53	56.53	56.53
SA Sap Drogoul	FRANCE	FC	99.17	56.06	56.06	56.06
SAP Cariane Provence	FRANCE	FC	99.87	56.46	56.46	56.46
Satracom	BELGIUM	FC	100.00	56.53	56.53	56.53
SCAC	FRANCE	FC	99.98	56.52	56.52	56.52
SCAC Bagnis	FRANCE	FC	51.00	28.82	28.83	28.82
SCE A14	FRANCE	FC	50.96	28.81	28.81	28.81
Scodec	FRANCE	EA	35.00	19.79	19.78	19.78
SEA Albert-Picardie	FRANCE	FC	50.94	28.80	28.80	28.80
Setver	FRANCE	FC	100.00	56.53	56.53	56.53
SFD	FRANCE	FC	100.00	56.53	56.53	56.53
SLIVIA Inc.	CANADA	PC	40.00	22.61	22.61	22.61
Société de Promotion et d'Exploitation de Parkings	FRANCE	PC	49.97	28.25	28.25	28.25
Société d'exploitation de l'aéroport d'Epinal Mirecourt	FRANCE	FC	51.00	28.83	28.83	28.83
Société d'Exploitation de l'Aéroport Dole Jura	FRANCE	FC	51.00	28.83	28.83	28.83
Société d'exploitation des Cars Coudert	FRANCE	FC	100.00	56.53	56.53	56.53
Société du Parc Lyon-Diderot	FRANCE	PC	50.00	28.27	28.27	28.27
Sodetrav	FRANCE	FC	95.07	53.74	53.74	53.74
SOFITRA	FRANCE	FC	100.00	56.53	56.53	56.53
SOMAP	FRANCE	FC	100.00	56.53	56.53	56.53
Sophibus	BELGIUM	FC	100.00	56.53	56.53	56.53
Southern Railway Ltd.	UNITED KINGDOM	PC	-	19.79	19.79	19.79
SPRL Taxis Melkior	BELGIUM	FC	100.00	56.53	56.53	56.53
SPRL Truck Bus Repair	BELGIUM	FC	100.00	56.53	56.53	56.53
SPRL Voyages F. Lenoir	BELGIUM	FC	100.00	56.53	56.53	56.53
STA	FRANCE	FC	100.00	56.53	56.53	56.53
STA Creilloise	FRANCE	FC	99.70	56.36	56.36	56.36
STCAR	FRANCE	FC	100.00	56.06	56.53	56.06
Sté des tpts urbains d'Oyonnax	FRANCE	FC	100.00	56.53	56.53	56.53
Sté Rennaise Tpts et Services	FRANCE	FC	100.00	56.53	56.53	56.53

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Sté Tpts Agglom. Chartraine	FRANCE	FC	100.00	56.53	56.53	56.53
Sté Tpts Commun Nimois	FRANCE	FC	100.00	56.53	56.53	56.53
Sté Tpts Robert	FRANCE	FC	99.84	56.44	56.44	56.44
Sté Transports Services Aéroportuaires	FRANCE	FC	100.00	56.53	56.53	56.53
Strasb. d'Enlèv. et de Gard.	FRANCE	FC	100.00	56.53	56.53	56.53
SVTU	FRANCE	FC	100.00	56.53	56.53	56.53
Syntus	NETHERLANDS	PC	28.27	28.26	28.27	28.27
T.C.M. Cars	BELGIUM	FC	100.00	56.53	56.53	56.53
T.I.C.E.	FRANCE	EA	-	10.58	10.60	10.60
TDM	FRANCE	FC	100.00	56.53	56.53	56.53
Thameslink	UNITED KINGDOM	PC	-	19.79	19.79	19.79
Tourisme garage vermot	FRANCE	FC	100.00	56.51	56.51	56.50
TPN Voyages	FRANCE	FC	100.00	56.53	56.53	56.53
TPR	FRANCE	FC	100.00	56.53	56.53	56.53
Tpt de la Brière	FRANCE	FC	60.00	33.92	33.92	33.92
Tpts Commun Metropole Lilloise	FRANCE	FC	99.99	56.53	56.53	56.53
Tpts Evrard	FRANCE	FC	100.00	56.53	56.53	56.53
Train Bleu St Marcellin	FRANCE	FC	100.00	56.53	56.53	56.53
Trans Pistes	FRANCE	PC	40.00	22.61	22.61	22.61
Trans Val de Lys	FRANCE	FC	99.99	56.53	56.53	56.53
Transetude	FRANCE	FC	100.00	56.53	56.53	56.53
Transévry	FRANCE	PC	39.43	22.29	22.29	22.29
Transferis	FRANCE	PC	50.00	50.00	-	-
Transports de l'agglomération de Metz Métropole	FRANCE	EA	40.00	22.61	-	0
Transports Penning	BELGIUM	FC	100.00	56.53	56.53	56.53
Transports Urbains de Reims	FRANCE	FC	98.49	55.67	55.67	55.67
Transroissy	FRANCE	FC	100.00	56.53	56.53	56.53
Transthermal	FRANCE	FC	100.00	56.53	56.53	56.53
Transtub	FRANCE	FC	100.00	56.46	56.46	56.46
Var Tour	FRANCE	FC	99.45	53.45	56.22	53.45
Via Autoroute	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages Autocars Services	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages Buchet	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages Chargelègue	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages Dourlens	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages MONNET	FRANCE	FC	100.00	56.53	56.53	56.53
Voyages Nicolay	BELGIUM	FC	100.00	56.53	56.53	56.53
VS Voyages	FRANCE	FC	100.00	56.53	56.53	56.53
VTS Roissy	FRANCE	FC	100.00	56.53	56.53	56.53
West Belgium Coach Company	BELGIUM	FC	100.00	56.53	56.53	56.53
Westhoek	BELGIUM	FC	100.00	56.53	-	0

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
SNCF INFRA						
Canarail consultant	CANADA	EA	38.00	38.00	39.86	28.49
Citilabs Inc.	UNITED STATES	EA	40.69	40.69	50.00	34.82
Citilabs Ltd.	UNITED KINGDOM	NC	-	-	50.00	34.82
Consulcio Consultor Systra / Cade Idepe / Geoconsult	CHILE	EA	16.77	16.77	20.00	14.35
Financière Systra	FRANCE	EA	20.96	20.96	50.00	50.00
Foncière du Coq	FRANCE	EA	41.92	41.92	50.00	35.87
INEXIA	FRANCE	EA	41.92	41.92	100.00	100.00
INEXIA - AFACOR	FRANCE	EA	41.92	41.92	100.00	100.00
Menighetti	FRANCE	EA	41.92	41.92	100.00	100.00
Mexistra	MEXICO	NC	-	-	50.00	35.87
MVA Asia	HONG KONG	EA	41.92	41.92	50.00	35.87
MVA Beijing	CHINA	EA	20.96	20.96	25.00	17.93
MVA Consulting Group	UNITED KINGDOM	EA	41.92	41.92	50.00	35.87
MVA Hong Kong Limited	HONG KONG	EA	41.92	41.92	50.00	35.87
MVA limited	UNITED KINGDOM	EA	41.92	41.92	50.00	35.87
MVA Shenzen	CHINA	EA	41.92	41.92	50.00	35.87
MVA Singapour	SINGAPORE	EA	41.92	41.92	50.00	35.87
MVA Thaïlande	THAILAND	EA	41.91	41.91	49.99	35.86
RWPM Saudi Arabia	SAUDI ARABIA	EA	18.24	17.29	21.75	13.85
SEP SGST	FRANCE	EA	20.96	10.27	-	-
SNCF Consulting	FRANCE	FC	100.00	100.00	100.00	100.00
SNSR-PMA JV Saudi Arabia	SAUDI ARABIA	EA	18.24	17.29	21.75	13.85
SOGET	UNITED STATES	EA	41.92	41.92	50.00	35.87
SOTEC Ingéniérie	FRANCE	EA	41.92	41.92	32.50	23.31
Systra (Shangai) Consulting Co Ltd.	CHINA	EA	41.92	41.92	50.00	35.87
Systra Algérie	ALGERIA	EA	41.78	41.78	50.00	35.75
Systra Asia Pacific Ltd.	HONG KONG	EA	37.73	37.73	45.00	32.28
Systra Consulting	UNITED STATES	EA	41.92	41.92	50.00	35.87
Systra Inc	UNITED STATES	EA	41.92	41.92	50.00	35.87
Systra India	INDIA	EA	41.92	41.92	50.00	35.87
Systra Ingeneria SL	SPAIN	NC	-	-	47.50	34.07
Systra Ltd.	UNITED KINGDOM	EA	41.92	41.92	50.00	35.87
Systra Maroc	MOROCCO	EA	41.84	41.84	49.90	35.79
Systra Mobility	UNITED STATES	NC	-	-	50.00	35.87
Systra Philippines	PHILIPPINES	EA	27.64	27.64	32.97	23.65
Systra SA	FRANCE	EA	41.92	41.92	50.00	35.87

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Systra Sotecni SpA	ITALY	EA	41.92	41.92	50.00	35.87
Systra Venezuela	VENEZUELA	NC	-	-	50.00	35.87
SYSTRACADE	CHILE	EA	20.96	20.96	25.00	17.93
Xelis	FRANCE	EA	41.92	41.92	-	-
SNCF GEODIS						
A.A.T.	FRANCE	FC	100.00	96.04	100.00	96.04
AFA	ITALY	PC	50.00	50.00	50.00	50.00
Agrofreight	AUSTRIA	EA	25.00	25.00	25.00	25.00
Aisne Express	FRANCE	F	-	-	100.00	99.76
Akidis	FRANCE	PC	50.01	48.03	50.01	48.03
AKIEM	FRANCE	FC	100.00	100.00	100.00	100.00
ALLHAND Allgemeine Warenhendelsges, mbH	GERMANY	NC	-	-	100.00	100.00
Alpes Maritimes Express	FRANCE	FC	100.00	100.00	100.00	100.00
Arca	FRANCE	FC	100.00	100.00	100.00	100.00
Artois Express	FRANCE	FC	49.90	49.90	49.90	49.90
Ateliers d'Orval	FRANCE	FC	100.00	100.00	100.00	100.00
Autoroute Ferroviaire Services	FRANCE	FC	100.00	100.00	-	0
Autotrasporti Ribi S.p.A.	ITALY	FC	100.00	100.00	100.00	100.00
Aveyron Express	FRANCE	FC	100.00	100.00	100.00	100.00
Avirail	FRANCE	PC	50.00	50.00	50.00	50.00
Barbour European Ltd.	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Batrans	FRANCE	FC	100.00	96.04	100.00	96.04
BCB	GERMANY	FC	100.00	100.00	100.00	100.00
Blazy	FRANCE	FC	100.00	100.00	100.00	100.00
BM Chimie (ex Innocenti)	FRANCE	FC	100.00	100.00	100.00	100.00
BM Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
BM Services	FRANCE	FC	100.00	100.00	100.00	100.00
BM Sidérurgie Lorraine (ex Giraud Lorraine)	FRANCE	FC	100.00	100.00	100.00	100.00
BM Virolle	FRANCE	EA	35.50	35.50	35.50	35.50
Bouches du Rhône Express	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil (Holding)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Alsace	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Aquitaine (ex Telf Lamaysouette)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Atlantique (ex Transport Huet)	FRANCE	FC	99.97	99.97	99.97	99.97
Bourgey Montreuil Auvergne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Champagne Bourgogne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Deutschland	GERMANY	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 1	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 2	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 3	FRANCE	FC	100.00	100.00	100.00	100.00

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Bourgey Montreuil Francilienne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Ile de France	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Italia	ITALY	FC	99.75	99.75	99.75	99.75
Bourgey Montreuil Limousin (ex SMC)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Lorraine (ex Sotrameuse)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Multimodal	FRANCE	F	-	-	100.00	100.00
Bourgey Montreuil Nord (ex Transnord)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Presse (ex Beugniet)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Provence	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Rhône-Alpes (ex Foissin)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Savoie (ex BM Route)	FRANCE	FC	100.00	100.00	100.00	100.00
BSL S.P.A.	ITALY	FC	100.00	100.00	100.00	100.00
C.A.A.T.	FRANCE	FC	100.00	96.04	100.00	96.04
CADEFER	SPAIN	EA	20.00	20.00	20.00	20.00
Calberson Alsace	FRANCE	FC	100.00	99.99	100.00	100.00
Calberson Ardennes	FRANCE	F	-	-	100.00	99.76
Calberson Armorique	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Auvergne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Bretagne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Croatia - 4PL	CROATIA	FC	100.00	100.00	100.00	100.00
Calberson Eure et Loir	FRANCE	FC	99.04	99.04	99.04	99.04
Calberson Europe Ile-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Europe Nord	FRANCE	F	-	-	100.00	100.00
Calberson Europe Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson F.M. (ex Ferry Mougin)	FRANCE	F	-	-	100.00	100.00
Calberson GE	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Grèce	GREECE	FC	52.00	52.00	52.00	52.00
Calberson Hainaut	FRANCE	F	-	-	100.00	100.00
Calberson Ile de France	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson International	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Location	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Loiret	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Lorraine	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Méditerranée	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Moselle	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Oise	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Paris	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Paris Europe	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Picardie	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Rhône Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Romania (devise RON) - 4PL	ROMANIA	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Calberson Romania SA	ROMANIA	FC	100.00	100.00	100.00	100.00
Calberson Roussillon	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Seine et Marne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Seine-Saint-Denis	FRANCE	F	-	-	100.00	100.00
Calberson Sotrab	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Yvelines	FRANCE	FC	100.00	100.00	100.00	100.00
Calvados Express	FRANCE	FC	100.00	100.00	100.00	100.00
Cap Train Bénélux BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Cap Train Deutschland	GERMANY	FC	100.00	100.00	100.00	100.00
Cap Train Italia	ITALY	FC	100.00	100.00	100.00	100.00
Cap Train Nederlands B.V.	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Cap Train UNITED KINGDOM	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
CapTrain Romania	ROMANIA	FC	100.00	100.00	100.00	100.00
CapTrain Belgium	BELGIUM	FC	100.00	100.00	100.00	100.00
Car & Commercial	UNITED KINGDOM	FC	100.00	96.04	100.00	96.04
Car & Commercial deliveries	UNITED KINGDOM	FC	100.00	96.04	100.00	96.04
Car & Commercial land	UNITED KINGDOM	FC	100.00	96.04	100.00	96.04
Cargo Docks	ITALY	FC	100.00	100.00	100.00	100.00
Cargo Link AB	SWEDEN	FC	93.89	93.89	93.89	93.89
CFD Industrie	FRANCE	FC	100.00	100.00	100.00	100.00
CferJ	FRANCE	FC	100.00	100.00	100.00	100.00
Chalenge International SA	FRANCE	FC	100.00	100.00	100.00	100.00
Challenge International Belgium	BELGIUM	FC	99.98	99.98	99.98	99.98
Challenge International Méditerranée	FRANCE	F	-	-	100.00	100.00
Challenge Overseas Caraïbes	FRANCE	FC	65.98	65.98	65.98	65.98
Chaveneau Bernis Transport	FRANCE	FC	99.98	72.40	99.98	72.40
Chemfreight Gmbh	AUSTRIA	PC	50.00	50.00	50.00	50.00
Ciblex Belgique	BELGIUM	FC	100.00	100.00	100.00	100.00
Ciblex Financière	FRANCE	FC	100.00	100.00	100.00	100.00
Ciblex France	FRANCE	FC	100.00	100.00	100.00	100.00
Ciblex Pays-Bas	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Cical	FRANCE	EA	49.98	49.98	49.98	49.98
Cical (Ermewa)	FRANCE	F	-	-	49.98	49.98
Cobatrans	FRANCE	FC	96.00	92.20	96.00	92.20
Cofital	FRANCE	FC	100.00	96.04	100.00	96.04
Cogewip	FRANCE	FC	100.00	95.94	100.00	95.94
Combined Logistics (Hong Kong) Limited	CHINA	FC	100.00	100.00	100.00	100.00
Compagnie des Conteneurs Réservoirs	FRANCE	FC	99.97	99.97	99.97	99.97

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Compagnie Modalohr Express Holding	FRANCE	FC	50.98	50.98	50.98	50.98
Coquelle Gourdin	FRANCE	FC	98.37	98.37	98.37	98.32
Creneau SA Non opérationnelle	FRANCE	NC	-	-	100.00	100.00
CTC	FRANCE	FC	95.00	95.00	95.00	95.00
DE	GERMANY	FC	65.00	65.00	65.00	65.00
Districhrono (Geodis)	FRANCE	FC	100.00	100.00	100.00	100.00
Drôme Express	FRANCE	FC	100.00	100.00	100.00	100.00
Dusolier Calberson	FRANCE	FC	99.94	99.94	99.94	99.94
Ecorail	FRANCE	FC	100.00	100.00	100.00	100.00
ECT	GERMANY	FC	100.00	71.07	100.00	71.07
Egerland France	FRANCE	FC	100.00	83.80	100.00	83.80
Egerland Lease	GERMANY	FC	100.00	19.20	100.00	19.20
Egerland Sud	GERMANY	FC	100.00	71.07	100.00	71.07
Ermechem	FRANCE	FC	100.00	100.00	100.00	100.00
Ermefret Berlin	GERMANY	FC	100.00	100.00	100.00	100.00
Ermewa (Berlin)	GERMANY	FC	100.00	100.00	100.00	100.00
Ermewa (Genève)	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Ermewa (Paris)	FRANCE	FC	100.00	100.00	100.00	100.00
Ermewa Ferroviaire	FRANCE	FC	100.00	100.00	100.00	100.00
Ermewa Ferroviaire	FRANCE	F	-	-	100.00	100.00
Ermewa France	FRANCE	F	-	-	100.00	100.00
Ermewa Holding	FRANCE	FC	100.00	100.00	100.00	100.00
Ermewa Iberica	SPAIN	FC	100.00	100.00	100.00	100.00
Ermewa Intermodal	FRANCE	FC	100.00	100.00	100.00	100.00
Ermewa Interservices	FRANCE	FC	100.00	100.00	100.00	100.00
Ermewa investissements	FRANCE	FC	51.05	51.05	51.01	51.01
Ermewa Italia	ITALY	FC	100.00	100.00	100.00	100.00
Europe intermodal Holding	FRANCE	FC	100.00	100.00	-	0
Eurotainer Asie	SINGAPORE	FC	100.00	100.00	100.00	100.00
Eurotainer Australia	AUSTRALIA	FC	100.00	100.00	-	0
Eurotainer Brasil	BRAZIL	FC	100.00	100.00	-	0
Eurotainer Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Eurotainer SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Eurotainer Shanghai	CHINA	FC	100.00	100.00	100.00	100.00
EVS	FRANCE	FC	65.08	65.08	65.08	65.08
Exceed AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Exceed Denmark A/S	DENMARK	FC	100.00	100.00	100.00	100.00
Exceed Finland Oy	FINLAND	F	-	-	100.00	100.00
Exceed Sweden AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Express Seine et Marne	FRANCE	F	-	-	100.00	100.00
Férifos	FRANCE	FC	100.00	100.00	100.00	100.00
Feron de Clebsattel	FRANCE	FC	100.00	100.00	99.95	99.95
Ferrus Immo	FRANCE	FC	100.00	96.04	100.00	96.04

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Financière Ermewa	SWITZERLAND	FC	100.00	100.00	98.99	98.99
Flandre Express	FRANCE	FC	100.00	100.00	100.00	100.00
Fondimare	FRANCE	F	-	-	100.00	100.00
Fortec Distribution Network Ltd.	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
France Location Distribution	FRANCE	FC	100.00	100.00	100.00	100.00
France Toupie Location	FRANCE	FC	100.00	100.00	100.00	100.00
Froidcombi	FRANCE	FC	49.00	49.00	49.00	49.00
FVE	GERMANY	FC	100.00	100.00	98.00	98.00
Gard Express	FRANCE	F	-	-	100.00	100.00
Gemafer	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive Est	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive Nord	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis BM Netherlands BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis BM Réseau	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Brock	NEW CALEDONIA	FC	99.85	99.85	99.80	99.80
Geodis Calberson Finland Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson Aquitaine	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Calberson Belgium	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Calberson Bosphorus Lojistik A.S.	TURKEY	FC	100.00	100.00	100.00	100.00
Geodis Calberson Hungaria 4PL	HUNGARY	FC	100.00	100.00	100.00	100.00
Geodis Calberson Hungaria Kft	HUNGARY	FC	100.00	100.00	100.00	100.00
Geodis Calberson midi Pyrénées	FRANCE	F	-	-	100.00	100.00
Geodis Calberson Paris Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Calberson Polska	POLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson Polska SP zoo 4PL	POLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson RUS	RUSSIAN FEDERATION	FC	100.00	100.00	100.00	100.00
Geodis Calberson Russia 3PL	RUSSIAN FEDERATION	FC	100.00	100.00	100.00	100.00
Geodis Calberson s.r.o. 4PL	CZECH REPUBLIC	FC	100.00	100.00	100.00	100.00
Geodis Calberson s.r.o. 4PL	CZECH REPUBLIC	FC	100.00	100.00	100.00	100.00
Geodis Calberson Slovensko 4PL	SLOVAKIA (Slovak Republic)	FC	100.00	100.00	100.00	100.00
Geodis Calberson Slovensko s.r.o.	SLOVAKIA (Slovak Republic)	FC	100.00	100.00	100.00	100.00
Geodis Division Messagerie Services	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Euromatic	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Freight Forwarding	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Gestion Immobilière	FRANCE	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Geodis Global Lojistik Hizmeller	TURKEY	FC	100.00	100.00	100.00	100.00
Geodis Global Solution Ireland	IRELAND	FC	100.00	100.00	100.00	100.00
Geodis Global Solution Israel	ISRAEL	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Argentina	ARGENTINA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Argentina (Ecuador)	ECUADOR	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Argéntina (Uruguay)	URUGUAY	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Austria	AUSTRIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Belgium NV	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Canada	CANADA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Colombia	COLOMBIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Germany	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Italy	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Japan	JAPAN	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Mexico	MEXICO	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Philippines	PHILIPPINES	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Spain	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Switzerland	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions United Kingdom	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Venezuela	VENEZUELA	FC	100.00	100.00	100.00	100.00
Geodis Holding BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Holding Italia	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Holding Japan	JAPAN	FC	100.00	100.00	100.00	100.00
Geodis Iberia Holding	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Ile-de-France Service	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Immobiliare Italia	ITALY	FC	100.00	100.00	100.00	100.00
Geodis International	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Interservices	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Ireland Ltd.	IRELAND	FC	100.00	100.00	100.00	100.00
Geodis Logistics	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Almere BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Logistics Belgium NV	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Logistics Beverage	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics CAE	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Deutschland GmbH	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Logistics Europarts	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Ile-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Maroc	MOROCCO	FC	99.99	99.99	99.99	99.99
Geodis Logistics Méditerranée	FRANCE	F	-	-	100.00	100.00
Geodis Logistics Netherlands BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Logistics Nord	FRANCE	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Geodis Logistics Nord Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics S.P.A.	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Logistics Services	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Spain	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Logistics Sud	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistique Tunisie	TUNISIA	FC	100.00	50.00	100.00	50.00
Geodis Networks	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Networks 4PL	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Nova Logistics	BELGIUM	FC	60.00	60.00	60.00	60.00
Geodis Oil and Gaz	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Overseas Hong Kong - 4PL	HONG KONG	FC	100.00	100.00	100.00	100.00
Geodis Overseas Hong-Kong Ltd.	HONG KONG	FC	100.00	100.00	100.00	100.00
Geodis Overseas India	INDIA	FC	100.00	100.00	100.00	100.00
Geodis Overseas international Forwarding - 4PL	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Overseas International Freight Forwarding (Shenzhen) Co., Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Overseas Tunisie	TUNISIA	PC	50.00	50.00	50.00	50.00
Geodis OverseasIndia - 4PL	INDIA	FC	100.00	100.00	100.00	100.00
Geodis Projets	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Rakotrans s.r.o	CZECH REPUBLIC	FC	52.00	52.00	52.00	52.00
Geodis SA	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis SCO	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis solucoesGlobais de Logistica do Brasil	BRAZIL	FC	100.00	100.00	100.00	100.00
Geodis Solutions	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Tanger Méditerranée	MOROCCO	FC	100.00	100.00	100.00	100.00
Geodis Trans Slovakia s.r.o	SLOVAKIA (Slovak Republic)	FC	100.00	100.00	100.00	100.00
Geodis United Kingdom Ltd. Logistique contractuelle	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Geodis United Kingdom Ltd. Messagerie	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Geodis Wilson Argentina S.A.	ARGENTINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Australia Holdings Pty Ltd.	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Bangladesh Ltd.	BANGLADESH	FC	100.00	100.00	60.00	60.00
Geodis Wilson Belgium N.V.	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Wilson Canada Limited	CANADA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile - 4PL	CHILE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile Limitada	CHILE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile S.A.	CHILE	FC	99.86	99.86	99.86	99.86
Geodis Wilson Denmark - 4PL	DENMARK	FC	100.00	100.00	100.00	100.00

37 Scope of consolidation

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Geodis Wilson Denmark A/S	DENMARK	FC	100.00	100.00	100.00	100.00
Geodis Wilson Far East Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Finland - 4PL	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Finland Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson France	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management - 4PL	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management Holdings AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management Sdn Bhd, Malaysia	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Germany GmbH & Co KG	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Holding AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Hong Kong Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Indonesia - 4PL	INDONESIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson International Gmbh	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Italia Spa	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Korea - 4PL	REPUBLIC OF KOREA (South Korea)	FC	100.00	100.00	100.00	100.00
Geodis Wilson Korea Ltd.	REPUBLIC OF KOREA (South Korea)	FC	100.00	100.00	100.00	100.00
Geodis Wilson Kuwait LLC	KUWAIT	FC	100.00	100.00	100.00	100.00
Geodis Wilson Logistics Shanghai Ltd.	CHINA	FC	100.00	100.00	-	0
Geodis Wilson Malaysia SDN BHD	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Management B.V.	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Maroc	MOROCCO	FC	100.00	100.00	100.00	100.00
Geodis Wilson Mexico S.A. de C.V.	MEXICO	FC	100.00	100.00	100.00	100.00
Geodis Wilson Netherlands B.V.	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Network SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson New Zealand - 4PL	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Norway - 4PL	NORWAY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Norway AS	NORWAY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Overseas AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Peru - 4PL	PERU	FC	100.00	100.00	100.00	100.00
Geodis Wilson Peru S.A.	PERU	FC	100.00	100.00	100.00	100.00
Geodis Wilson Polynésie SA	FRENCH POLYNESIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Projects USA, Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Wilson Pty Ltd. Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Qatar LLC	QATAR	FC	97.00	97.00	70.00	70.00
Geodis Wilson Réunion	FRANCE	FC	100.00	100.00	89.96	89.96
Geodis Wilson Shanghai - 4PL	CHINA	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Geodis Wilson Shanghai Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Singapore - 4PL	SINGAPORE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Singapore Pte Ltd.	SINGAPORE	FC	100.00	100.00	100.00	100.00
Geodis Wilson South Africa - 4PL	SOUTH AFRICA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Spain, S.L.U.	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Sweden - 4PL	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Sweden AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Tai - 4PL	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Taïwan - 4PL	TAIWAN, CHINESE PROVINCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Taïwan Ltd.	TAIWAN, CHINESE PROVINCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Thaï Ltd	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Thailand Ltd.	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson UAE L.L.C	UNITED ARAB EMIRATES	FC	100.00	100.00	80.00	80.00
Geodis Wilson United Kingdom Ltd.	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Geodis Wilson USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Wilson Vietnam Ltd.	VIETNAM	FC	100.00	100.00	50.96	50.96
Geodis Wilson Vietnam Ltd. - 4PL	VIETNAM	FC	100.00	100.00	100.00	50.96
Geodis Wilson, South Africa (Pty.) Ltd.	SOUTH AFRICA	FC	100.00	100.00	100.00	100.00
Geodis Wilson. Colombia Ltda	COLOMBIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson. New Zealand Ltd.	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Geodis Wison Transport Ltd., Thailand	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Züst Ambrosetti S.p.A.	ITALY	FC	100.00	100.00	100.00	100.00
Geodisglob, Solucoes Globais de Logistica	PORTUGAL	FC	100.00	100.00	100.00	100.00
GeodisGlobal Solutions Netherlands BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geoparts	FRANCE	FC	100.00	100.00	100.00	100.00
Geowaste	FRANCE	FC	100.00	100.00	-	-
GGS USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
GIE BM Combi	FRANCE	NC	-	-	100.00	99.95
GIE France Express	FRANCE	FC	76.29	74.50	76.29	74.50
GIE Prisme	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud CEE	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Europe du Nord et France	FRANCE	F	-	-	100.00	100.00
Giraud Iberica SA	SPAIN	FC	100.00	100.00	100.00	100.00
Giraud Intern.Speditionsgesellschft GMBH	GERMANY	FC	100.00	100.00	-	-
Giraud Intern.Speditionsgesellschft GMBH	GERMANY	NC	-	-	100.00	100.00
Giraud International France	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud International Italia	ITALY	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Giraud Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
Giraud Nord	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Portugal	PORTUGAL	FC	100.00	100.00	100.00	100.00
Giraud Région Parisienne	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud SRL	ROMANIA	FC	100.00	100.00	100.00	100.00
Gironde Express	FRANCE	FC	100.00	100.00	100.00	100.00
GOGLS Algeria Sarl	ALGERIA	FC	99.99	99.99	99.80	99.80
Grimaldi ACL France	FRANCE	PC	40.00	40.00	40.00	39.98
Groupe Ermewa	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Groupe MOVIS	FRANCE	EA	40.00	40.00	40.00	40.00
GW Freight Management Brazil	BRAZIL	FC	100.00	100.00	100.00	100.00
H F	FRANCE	PC	50.00	50.00	50.00	49.98
Hansebahn Bremen	GERMANY	FC	51.00	51.00	51.00	51.00
Haute Provence Express	FRANCE	FC	100.00	100.00	100.00	100.00
Helf	GERMANY	FC	100.00	94.78	100.00	94.78
Helu Trans Malaysia	MALAYSIA	NC	-	-	100.00	100.00
Hérault Express	FRANCE	F	-	-	100.00	100.00
Holding Siderurgie	FRANCE	F	-	-	100.00	100.00
HTB	GERMANY	FC	100.00	100.00	100.00	100.00
IGB	GERMANY	FC	50.21	50.21	50.21	50.21
Ile de France Ouest Transports	FRANCE	F	-	-	100.00	100.00
Immobilière Geodis I	FRANCE	FC	100.00	100.00	100.00	100.00
Immobilière Geodis II Logistics	FRANCE	FC	100.00	100.00	100.00	100.00
Immolog Paris Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Instit. de Form. Eur. Multimodal	FRANCE	FC	100.00	100.00	100.00	100.00
ITL Cargo Gmbh	GERMANY	FC	100.00	100.00	100.00	100.00
ITL Eisenbahngesellschaft mbH	GERMANY	FC	100.00	100.00	100.00	100.00
ITL Polska	POLAND	FC	100.00	100.00	100.00	100.00
ITL Prag	CZECH REPUBLIC	FC	100.00	100.00	100.00	100.00
ITNOVEM	FRANCE	FC	100.00	100.00	100.00	100.00
Joud Libya	LIBYA	FC	51.00	51.00	51.00	51.00
JWE	CZECH REPUBLIC	NC	-	-	50.00	35.53
Les Rouleurs du Cambresis	FRANCE	FC	100.00	100.00	100.00	100.00
Lexser France	FRANCE	FC	100.00	100.00	100.00	100.00
Lexser Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
Lexsis	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
Logifer	FRANCE	EA	50.00	50.00	50.00	50.00
Logistica	FRANCE	PC	50.00	50.00	50.00	50.00

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
LORRY Rail	LUXEMBOURG	FC	58.34	58.34	-	-
MAW	FRANCE	FC	100.00	100.00	100.00	100.00
MAY	FRANCE	FC	100.00	100.00	100.00	100.00
Messagerie Parisienne du Livre	FRANCE	NC	-	-	100.00	100.00
MG Transports	FRANCE	FC	100.00	100.00	100.00	100.00
MGL	FRANCE	FC	99.91	99.91	99.91	99.91
MOSTVA	POLAND	EA	50.00	48.02	50.00	48.02
MTM	FRANCE	FC	100.00	100.00	-	0
Naviland Cargo	FRANCE	FC	99.98	99.98	99.98	99.98
NEB	GERMANY	FC	66.92	33.60	66.92	33.60
Norferrus	FRANCE	FC	100.00	96.04	100.00	96.04
Normanche	FRANCE	FC	100.00	96.04	100.00	96.04
Normandie Rail Services	FRANCE	FC	100.00	100.00	-	-
Novatrans	FRANCE	FC	96.68	96.68	96.39	96.39
Noyon	FRANCE	EA	35.59	35.59	35.59	35.59
One Source Logistics LLC	UNITED STATES	FC	100.00	100.00	-	-
OOO Geodis Rus (Log)	RUSSIAN FEDERATION	FC	100.00	100.00	100.00	100.00
Ortrans	FRANCE	FC	100.00	96.04	100.00	96.04
P.L.C.	FRANCE	FC	100.00	100.00	100.00	100.00
Pan European Transport United Kingdom Logistics	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
Pargesco	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Paris 8	FRANCE	FC	100.00	100.00	100.00	100.00
Pelsolutions SA.	CHILE	FC	100.00	100.00	100.00	100.00
Pharmalog	FRANCE	FC	100.00	100.00	-	-
Polar Air & SeaCargo Oy	FINLAND	NC	-	-	100.00	100.00
Provence Express	FRANCE	F	-	-	100.00	100.00
PT Geodis Wilson Indonesia	INDONESIA	FC	100.00	100.00	100.00	100.00
R4C-D	GERMANY	FC	100.00	100.00	100.00	100.00
RBB	GERMANY	FC	100.00	100.00	100.00	100.00
Recontec	GERMANY	FC	100.00	71.07	100.00	71.07
Rhône Dauphiné Express	FRANCE	FC	100.00	100.00	100.00	100.00
Rhône Ferrus	FRANCE	FC	100.00	96.04	100.00	96.04
Rohde & Liesenfeld Canada Inc.	CANADA	EA	50.00	50.00	50.00	50.00
Rohde & Liesenfeld International GmbH & Co. KG	GERMANY	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Project GMBH (India)	INDIA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects (China) Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects GmbH	GERMANY	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Pty. Ltd. Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Verwaltungsges. mbH	GERMANY	FC	100.00	100.00	100.00	100.00
Rohde & Liesenteld Ltd.New Zealand	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Rouch Intermodal (Geodis)	FRANCE	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
S.G.W.	FRANCE	FC	100.00	100.00	100.00	100.00
S.M.T.R. Calberson	FRANCE	FC	100.00	100.00	100.00	100.00
S.N.T.C.	FRANCE	FC	100.00	96.04	100.00	96.04
SARI	FRANCE	FC	100.00	100.00	99.97	99.97
SCI BM Chelles	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Le Fontanil	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Mery	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Salaise	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Borny	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Ceretif	FRANCE	FC	100.00	95.00	100.00	95.00
SCI Charval	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Danjoutin	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de la Brèche	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de la Poudrière	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de Vaux	FRANCE	FC	100.00	100.00	100.00	100.00
SCI du Rouvray	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Etupes	FRANCE	FC	100.00	100.00	100.00	100.00
SCI FGH	FRANCE	FC	75.00	63.00	75.00	62.97
SCI Horizons	FRANCE	FC	100.00	100.00	100.00	100.00
SCI JCC	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Le Polygone	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Le Revard (liquidation in 2010)	FRANCE	NC	-	-	66.70	66.70
SCI Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Alsace	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Bretagne	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Champagne Ardennes	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Ile-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Est	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Royneau Le Coudray	FRANCE	FC	100.00	99.05	100.00	99.05
SCI Voujeaucourt	FRANCE	FC	100.00	100.00	100.00	100.00
SD Calberson	FRANCE	FC	99.98	99.98	99.98	99.98
Sealogis	FRANCE	F	-	-	100.00	100.00
SEGI	FRANCE	FC	100.00	100.00	100.00	100.00
Seine Express	FRANCE	FC	100.00	100.00	100.00	100.00
Sénart Affrètement	FRANCE	FC	65.00	65.00	65.00	65.00
SEP Transpul	FRANCE	FC	100.00	41.50	100.00	41.50
Setcargo	FRANCE	FC	100.00	100.00	100.00	100.00
Setrada	FRANCE	FC	100.00	96.04	100.00	96.04
Setram	SPAIN	EA	25.00	24.01	25.00	24.01
SFC / Agence de gestion de services maritimes	FRANCE	F	-	-	100.00	99.95
Shanghaï E&T Calberson Overseas	CHINA	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
SIBELIT	LUXEMBOURG	EA	42.50	42.50	42.50	42.50
Smethwick Properties Management Ltd.	UNITED KINGDOM	FC	100.00	100.00	100.00	100.00
SNC Bercy	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF Fret Deutschland Gmbh	GERMANY	FC	100.00	100.00	100.00	100.00
SNCF Geodis Services	FRANCE	FC	100.00	100.00	100.00	100.00
SNTN Calberson	FRANCE	FC	100.00	100.00	100.00	100.00
Sogewag	FRANCE	FC	100.00	96.07	100.00	96.07
Somap	FRANCE	FC	81.75	81.75	81.75	81.71
Somedat	FRANCE	FC	100.00	96.04	100.00	96.04
Soptrans	FRANCE	FC	100.00	96.04	100.00	96.04
Sopyrim	FRANCE	FC	100.00	96.04	100.00	96.04
Sotraf	FRANCE	FC	100.00	96.04	100.00	96.04
Speditionsservice Oy (dormant)	FINLAND	NC	-	-	100.00	100.00
Sté de Gestion du Terminal d'Aiton	FRANCE	FC	65.00	33.14	65.00	33.14
Sté Propriétaire Wagons Modalohr	FRANCE	FC	100.00	50.98	100.00	50.98
Stesimaf	FRANCE	F	-	-	100.00	100.00
STSI	FRANCE	FC	99.45	99.45	99.45	99.45
STVA SA	FRANCE	FC	96.04	96.04	96.04	96.04
STVA United Kingdom	UNITED KINGDOM	FC	100.00	96.04	100.00	96.04
TBB	GERMANY	FC	100.00	99.80	100.00	88.02
TCL Cameroun	CAMEROON	FC	100.00	100.00	100.00	100.00
TCL Houston	UNITED STATES	FC	88.63	88.63	88.63	88.62
TCL Tchad	CHAD	FC	100.00	100.00	100.00	100.00
Tethys	FRANCE	FC	100.00	96.04	100.00	96.04
TGP	FRANCE	FC	100.00	100.00	100.00	100.00
Thales Geodis Freight & Logistics	FRANCE	PC	50.00	50.00	50.00	50.00
TIBERCO	ITALY	FC	100.00	100.00	-	-
TMF	FRANCE	NC	-	-	100.00	75.00
TMF Cita Belgium	BELGIUM	NC	-	-	100.00	75.00
TMF Cita Deutschland	GERMANY	NC	-	-	100.00	75.00
TMF Cita Nederland	NETHERLANDS	NC	-	-	100.00	75.00
Transalpin Eisenbahn AG	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Transinformatique	FRANCE	NC	-	-	99.86	94.87
Transplus	FRANCE	NC	-	-	100.00	100.00
Transport Ferroviaire Holding	FRANCE	FC	100.00	100.00	100.00	100.00
Transport Ferroviaire Services	FRANCE	FC	100.00	100.00	100.00	100.00
Transport Logistique Partenaires	FRANCE	FC	100.00	100.00	100.00	100.00
Transports Bernis	FRANCE	FC	67.69	67.69	67.69	67.69
Transports J. Savin	FRANCE	FC	100.00	100.00	100.00	100.00
Transportvoiture	BELGIUM	FC	99.95	96.00	99.95	96.00
Transquercy	FRANCE	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Transucre	FRANCE	NC	-	-	100.00	100.00
Transwaters	FRANCE	FC	50.00	50.00	50.00	50.00
TWE	GERMANY	FC	99.80	99.80	88.02	88.02
Uniroute	FRANCE	FC	100.00	96.04	100.00	96.04
Val Express	FRANCE	FC	100.00	100.00	100.00	100.00
Val Ferrus	FRANCE	FC	100.00	96.04	100.00	96.04
Valenda	FRANCE	FC	100.00	100.00	100.00	100.00
Valtrans	FRANCE	FC	100.00	96.04	100.00	96.04
Var Express	FRANCE	FC	100.00	100.00	100.00	100.00
VC Holding	FRANCE	FC	100.00	100.00	-	-
VC Italia	ITALY	FC	100.00	100.00	100.00	100.00
VFLI	FRANCE	FC	100.00	100.00	100.00	100.00
Vilogistique	FRANCE	FC	100.00	96.04	100.00	96.04
Vitesse Logistics BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Walbaum	FRANCE	FC	99.76	99.76	99.76	99.76
Waren Shipping	FRANCE	FC	100.00	100.00	100.00	100.00
WEA	GERMANY	FC	74.00	71.07	74.00	71.07
Wilson Denmark Holding A/S STP	DENMARK	FC	100.00	100.00	100.00	100.00
XP LOG	FRANCE	FC	99.97	99.97	99.97	99.97
SNCF GARES & CONNEXIONS						
A2C	FRANCE	FC	100.00	100.00	100.00	100.00
AREP	FRANCE	FC	100.00	100.00	100.00	100.00
AREP Architecture	FRANCE	EA	25.00	25.00	25.00	25.00
AREP Pekin	CHINA	FC	100.00	100.00	100.00	100.00
AREP Vietnam	VIETNAM	FC	100.00	100.00	100.00	100.00
AREP Ville	FRANCE	FC	100.00	100.00	100.00	100.00
Parvis	FRANCE	FC	100.00	100.00	100.00	100.00
Sté d'Aménagement Mézzanine Paris Nord	FRANCE	FC	60.00	60.00	60.00	60.00
VALGA	FRANCE	FC	100.00	100.00	100.00	100.00
COMMON OPERATIONS AND INVESTMENTS						
Eco-Mobilité Partenaires SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Aménagement	FRANCE	FC	99.99	99.99	99.99	99.99
Espaces Ferroviaires Résidences du Rail	FRANCE	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Transactions	FRANCE	FC	100.00	100.00	100.00	100.00
EUROFIMA	SWITZERLAND	EA	22.60	22.60	22.60	22.60
GARE	FRANCE	FC	100.00	100.00	100.00	100.00
GIE Eurail Test	FRANCE	FC	90.00	90.00	90.00	90.00
ICF	FRANCE	FC	100.00	100.00	100.00	100.00
MASTERIS	FRANCE	FC	100.00	100.00	100.00	100.00
NOVEDIS-ICF	FRANCE	FC	99.98	99.98	99.98	99.98

Company	Country	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
Orfea- SERHR	FRANCE	PC	50.00	50.00	50.00	50.00
S2FIT	FRANCE	FC	100.00	100.00	100.00	100.00
S2FIT1	FRANCE	FC	100.00	100.00	100.00	100.00
SA Chateau d'Arcy	FRANCE	FC	98.08	98.08	-	-
SARL Molière	FRANCE	NC	-	-	100.00	100.00
SCI du Cercle	FRANCE	FC	100.00	100.00	100.00	100.00
SCI La Chapelle	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Ney	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Paradis Clichy	FRANCE	FC	100.00	100.00	-	-
Seafrance	FRANCE	NC	-	-	100.00	100.00
SNC Monceau	FRANCE	FC	100.00	100.00	100.00	100.00
SNC VEZELAY	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF America Inc.	UNITED STATES	FC	100.00	100.00	-	-
SNCF Conseil	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF Développement	FRANCE	FC	100.00	100.00	-	-
SNCF Interservices	FRANCE	FC	100.00	100.00	-	-
SNCF Participations	FRANCE	FC	100.00	100.00	100.00	100.00
Société des Trains Expositions (STE)	FRANCE	FC	90.46	90.46	90.46	90.46
SPFRD	FRANCE	FC	100.00	100.00	100.00	100.00
Ste Nationale d Espaces Ferroviaires	FRANCE	FC	100.00	100.00	100.00	100.00
STELSIA	FRANCE	FC	100.00	100.00	100.00	100.00
Trans'actif Immobilier	FRANCE	FC	100.00	100.00	100.00	100.00

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

In compliance with the assignment entrusted to us by the French Minister for the Economy, Industry and Employment on 21 April 2008, we hereby report to you, for the year ended 31 December 2011, on:
- the audit of the accompanying consolidated financial statements of SNCF;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France, with the exception of the item described in the following paragraph. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As stated in *Note 28.3* to the consolidated financial statements, SNCF announced its new Rail Freight Transport Master Development Plan to the public in September 2009. The plan is currently being rolled out and as a result the company has reorganised its activities. Accordingly, the methods used to assess Fret SNCF production resources have been adapted.

To date, given the progress of the project, and the current documentation on business and profitability forecasts, the values in use adopted have been determined based on a methodology and assumptions that do not meet the conditions required by IFRS. In addition, the European market for the sale and leasing of locomotives is restricted and transactions are limited. Consequently, the values adopted may not be representative of market values.

Accordingly, we are unable to express an opinion as to the recoverable amount of Fret SNCF production resources, whose carrying amount after depreciation and amortisation stood at €1.6 billion before impairment of €1.2 billion. This matter had already been the subject of a qualification in prior years.

Subject to this qualification, in our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in *Notes 3.5, 8.2.1.1* and *28.1* to the consolidated financial statements regarding the TGV France/Europe CGU, excluding Eurostar, which describe the assumptions and results of the impairment test carried out on this CGU, which led to the recognition of an impairment loss.

2 JUSTIFICATION OF OUR ASSESSMENTS

As stated in *Note 1.2* to the consolidated financial statements, the accounting estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2011 were made within a context of uncertainty regarding the business outlook. It is in this context that, in accordance with the provisions of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters, in addition to those which resulted in the qualification set out above:

— As stated in *Notes 2.9, 3.5, 8* and *28* of the consolidated financial statements, SNCF carried out impairment tests on its assets.

– Goodwill, which amounted to a total of €1.7 billion, was tested for impairment in accordance with the principles described in *Note 2.9* to the consolidated financial statements. Our work involved reviewing the methods used to implement these tests, which are based on the discounted future cash flows of the businesses in question; assessing the consistency of the assumptions used with the forecast data included in the business plans as revised at the 2011 year-end; and verifying the disclosures provided in *Notes 2.9, 8.1* and *28.*

– When indications of impairment loss were identified, SNCF carried out impairment tests on the assets related to the businesses concerned. We reviewed the methods used by SNCF to implement these tests, and the cash flow forecasts and assumptions used, and verified the disclosures provided in *Notes 2.9, 3.5, 8* and *28*.

— As stated in *Notes 2.19* and *31*, the Group recognises deferred tax assets in the statement of financial position on the basis of forecasts of future taxable profits. We reviewed the methods used for recognising deferred tax assets, as well as the earnings forecasts and underlying assumptions. Our work in relation to these figures and assumptions enabled us to assess the appropriateness of the estimates used and disclosures provided in *Notes 2.19* and *31*.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's Management Report.

With the exception of the possible impact of the matters set out in the first part of this report, we have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 16 February 2012

The Statutory Auditors

MAZARS
Lionel Gotlib
Franck Boyer

PricewaterhouseCoopers Audit
Éric Bertier
Philippe Vincent

REPORT ON THE SNCF GROUP'S CORPORATE GOVERNANCE AND INTERNAL CONTROL

CHAIRMAN'S REPORT ON THE TERMS AND CONDITIONS GOVERNING THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The report on the terms and conditions governing the preparation and organisation of the Board of Directors' work and the internal control and risk management procedures was presented by the Chairman to the Board of Directors.

The report is based on the reference framework of the AMF (French Securities Regulator).

The main improvements to the SNCF internal control and risk management functions for 2011 concern the following:

— The Audit and Risk Department's consolidation of the various risk management procedures and preparation of a summary of the Group's major risks;

— The procedures conducted by the Audit and Risk Department and Group Financial Management for the Payroll, Non-current Assets, Purchasing / Suppliers and similar, Obligations and Provisions, Treasury / Financing processes, and for the first three of these processes, conception of key control checkpoints, prior to a self-assessment campaign to be conducted in early 2012 for the parent company;

— The SNCF Geodis division's drafting of an internal control framework identifying key controls to be implemented for the various division entities, regardless of their business lines;

— The ongoing seminars organised by SNCF University to raise awareness among Company managers regarding the opening of the market to competition and related regulatory issues. Nearly 500 managers had received training by the end of 2011.

— In terms of information system security:

– The performance of some fifty controls over the year enabling the identification of certain risks and the implementation of appropriate action plans to treat them;.

– The initiation of procedures to further reinforce the treatment of risks concerning the protection of personal data and to limit any impact arising from the non-availability of a key information system.

— In terms of the prevention of psychosocial risk, development of an evaluation grid and ongoing awareness-raising for local managers through a new multi-disciplinary vehicle called *Comprendre pour agir* (Understanding in order to act).

This report is available on simple request from the SNCF Audit and Risk department – 34 rue du commandant René Mouchotte – 75014 Paris.

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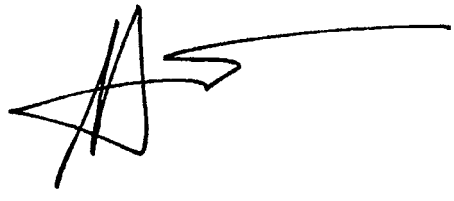
MANAGEMENT STATEMENT FOR FINANCIAL REPORT

Paris, 1 March 2011

We attest that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the Group as of 31 December 2010 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the Group and a description of its main risks and uncertainties.

The Chairman
Guillaume PEPY

Executive Vice-President
"Strategy and Finance"
David AZEMA



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SNCF GROUP IN 2010

1 MAJOR EVENTS OF THE YEAR

1-1 Creation of the Gares & Connexions division

In 2009, station management was the responsibility of the SNCF Proximités and SNCF Voyages divisions. The Gares & Connexions division, acting as station manager dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators, was created on 1 January 2010. On this date, it took over the management of all passenger stations allocated to SNCF. The activities of the Direction de l'architecture de l'aménagement des bâtiments, the building architecture and planning department, previously part of the SNCF Infra division, were also transferred to the Gares & Connexions division, together with the RFF management agreements for platforms and large passenger halls. Specific transporter services were however retained within the SNCF Proximités and SNCF Voyages divisions.

1-2 Full takeover of Ermewa

At the end of June 2009, the SNCF Geodis division reported that it had strengthened its position within the wagon and container leasing firm, Ermewa. The complete takeover of the Ermewa group, which was previously 49.6% held, marked the division's desire to consolidate its positioning in the asset management sector by directly proposing varied offerings to shippers. This transaction was finalised on 2 February 2010 after the authorisation of the European Commission. This authorisation was accompanied by an SNCF commitment to sell its interest in TMF (cereal freight forwarder) and the fleet of 1,100 cereal wagons currently owned by Ermewa. The proportionate consolidation of the Ermewa group for 2009 and January 2010 was changed to a full consolidation in the consolidated financial statements commencing 2 February 2010. The assets and liabilities of the TMF activity and the pool of cereal wagons were sold by Ermewa on 12 July 2010. The impacts of this merger are described in Note 3.1 to the consolidated financial statements.

1-3 Merger of Keolis and EFFIA and takeover of Keolis by the Group

In March 2009, Keolis, a Group associate, initiated a merger with Effia, a wholly owned SNCF subsidiary. Keolis aimed to capitalise on Effia's expertise to deploy new mobility services (car sharing, electrical cars, bicycles and other non-motorised transport) and promote better interaction with collective urban and interurban transport networks. SNCF transferred its Effia shares (excluding Effia Services) to Groupe Keolis SAS, the Keolis holding company. SNCF held 56.7% of the Group Keolis SAS capital at the end of the transaction.

This merger was finalised on 4 February 2010 after having obtained authorisation from the European Commission. After taking account of potential voting rights immediately exercisable by SNCF from the transaction date, the Group, pursuant to IAS 27 revised, fully consolidated the Keolis group from 4 February 2010. This group was previously equity accounted. The impacts of this merger are described in Note 3.2 to the consolidated financial statements.

1-4 Creation and joint takeover of Eurostar International Limited

On 31 July 2009, SNCF, LCR and SNCB signed a Memorandum of Understanding (MoU) under which the three partners agreed to create an independent entity, Eurostar International Limited (EIL), with a single management team controlled by the shareholders. Incorporated under British law, EIL was effectively created on 1 September 2010 following in-kind or cash contributions from each party, as required for EIL's activity, in return for a stake in the company's share capital.

The contributions of each partner were valued according to formal business plans per entity, as prepared by Eurostar management. These plans included the creation of added value for each entity, in relation to cost and revenue synergies planned by management. SNCF therefore holds a 55% stake in EIL, while LCR and SNCB hold 40% and 5%, respectively.

The terms of governance resulting in the proportionate consolidation of Eurostar are outlined in Note 1.2 to the consolidated financial statements.

The impacts of this joint takeover on the consolidated financial statements are described in Note 3.3.

1-5 Trains d'équilibre du territoire (balancing of regional train service) agreement

On 13 December 2010, the French State and SNCF signed an agreement to balance regional train services. The agreement covers the Intercités, Téoz and Lunéa trains, with the exception of special trains and auto-trains. The French State will become the transport Organising Authority for these trains and will specifically define the public service obligations of SNCF.
The agreement, which will enter into force on 1 January 2011, provides for an annual contribution of €210 million from the French State, to be funded by a motorway toll tax, a regional solidarity contribution borne by passenger transport rail companies and the tax on rail company profits. Under the new agreement, impairment losses on the cash-generating units concerned may be reversed in the 2010 consolidated financial statements.
The testing calculation methods and impacts are described in Notes 8 and 28 to the consolidated financial statements.

1-6 Classification of SeaFrance in held-for-sale activities

At the end of September 2010, the Group subsidiary, SNCF Participations, announced the planned sale of its subsidiary SeaFrance, specialising in cross-Channel freight between France and the UK. At the closing date, SNCF had not received an attractive and acceptable firm offer from a buyer. With the Brussels authorisation for the allocation of €50 million in aid to SeaFrance expiring on 18 February 2011, and SeaFrance being unable to repay this amount on this date, SNCF initiated a process in order to provide SeaFrance with the financial means to continue its operations. In parallel, the search for a buyer continues. SeaFrance has been under the protection of the Trade Courts through collective proceedings since 28 April 2010, with the period of observation expiring on 28 April 2011.

The financial figures for this subsidiary have been reclassified under "Net profit/(loss) from discontinued operations" in the income statement and the headings "Assets classified as held for sale" and "Liabilities relating to assets classified as held for sale" in the 2010 statement of financial position. They are described in Note 23 to the consolidated financial statements.

2 KEY FIGURES

(In € millions)	2010	2009
Revenue	30,466	24,882
Gross profit	2,163	1,688
Current operating profit	531	145
Finance costs	-358	- 303
Net profit/(loss) attributable to equity holders of the parent	697	- 980
Cash flow from operations	1,431	1,499
Equity-financed investments	2,127	2,211
ROCE (*)	3.6%	0.9%
Employees	**240,978**	**200,097**

* ROCE or return on capital employed = the ratio between current operating profit and average capital employed.
The capital entering into this calculation is the algebraic sum of equity including non-controlling interests (minority interests) and net indebtedness.
The average with the prior year's equity gives the average equity.

(In € millions)	31/12/10	31/12/09
Net debt	8,499	7,172

GROUP RESULTS AND FINANCIAL POSITION

1 GENERAL OBSERVATIONS ON GROUP RESULTS

(In € millions)	2010	2009	2010 vs. 2009 comparative	
Revenue	**30,466**	**24,882**	**5,585**	**22.4%**
Infrastructure fees	-3,679	-3,190	-489	15.3%
Purchases and external charges	-11,546	-8,798	-2,747	31.2%
Taxes and duties other than income tax	-1,072	-930	-142	15.2%
Employee benefit expense	-12,154	-10,415	-1,740	16.7%
Other income and expenses	147	139	8	5.8%
Gross profit	**2,163**	**1,688**	**475**	**28.1%**
Depreciation and amortisation, net of grants	-1,534	-1,344	-191	14.2%
Net movements in provisions	-97	-200	102	-51.2%
Current operating profit	**531**	**145**	**386**	**267.1%**
Net proceeds from asset disposals	268	432	-164	-37.9%
Positive impacts of Group structure operations	586	-	586	n/a
Impairment losses	23	-1,037	1,060	-102.2%
Operating profit/(loss)	**1,409**	**-460**	**1,869**	**-406.3%**
Finance cost of employee benefits	-53	-77	24	-31.1%
Net borrowing costs	-305	-226	-79	35.2%
Finance costs	**-358**	**-303**	**-55**	**18.3%**
Net profit/(loss) before tax	**1,051**	**-763**	**1,814**	**-237.7%**
Income tax expense	-95	-205	110	-53.8%
Share of profit of associates	6	14	-8	-57.8%
Net profit/(loss) from ordinary activities	**962**	**-954**	**1,916**	**-200.8%**
Net profit/(loss) from discontinued operations	-240	-17	-223	1,284.4%
Net profit/(loss) attributable to minority interests	-25	-8	-17	211.1%
Net profit/(loss) attributable to equity holders of the parent	**697**	**-980**	**1,677**	**-171.1%**
Gross profit/revenue	7.1%	6.8%		
Current operating profit/revenue	1.7%	0.6%		
Return on capital employed (ROCE)[1]	3.6%	0.9%		

[1] *See definition of ROCE in Key figures.*

1-1 Comparability of the financial statements

The comparability of 2010 results with those of 2009 was impacted by the following Group structure and exchange rate changes:

		Impacts on revenues
SNCF Infra Division	Acquisition of Afacor	1
SNCF Proximités Division	Takeover of Keolis	3,689
SNCF Voyages Division	Creation of Eurostar International Limited	-20
	Acquisition of Findworks Technologies	1
	Exchange rate fluctuations	13
SNCF Geodis Division	**2010 changes in Group structure**	
	Takeover of Ermewa	105
	Acquisition of Ciblex	96
	Acquisition of Werner Egerland	59
	Acquisition of BSL S.p.a	44
	Acquisition of Geodis Logistics Beverage	20
	Deferred impact of 2009 changes in Group structure	
	Acquisition of Captrain	161
	Acquisition of IBM Global Logistics	141
	Acquisition of Giraud	127
	Acquisition of Cool Jet	71
	Takeover of Novatrans	10
	Other Geodis group structure changes	24
	Exchange rate fluctuations	169
Common operations and investments	Reclassification of SeaFrance to discontinued operations	-151
Impact of changes in Group structure and exchange rate fluctuations		**4,560**

1-2 2010 results

a) Revenue

Group revenue totalled €30,466 million at the end of 2010, up €5,585 million (+22.4%) compared to 2009.

This increase breaks down as follows:

— a Group structure impact of +€4,378 million *(see Note 1.1)*,

— a foreign exchange impact of +€182 million *(see Note 1.1)*,

— an organic increase for the Group of +€1,025 million (+4.1%); the increases for divisions were as follows:

– SNCF Infra	+€49 million,	+1.0% excluding the impact from the creation of the Gares & Connexions division
– SNCF Proximités	+€149 million,	+2.3% excluding the impact from the creation of the Gares & Connexions division
– SNCF Voyages	+€239 million,	+3.5% excluding the impact from the creation of the Gares & Connexions division
– SNCF Geodis	+€486 million,	+6.6%

b) Gross profit

In 2010, gross profit increased by €475 million to €2,163 million, up 28%, and gross profit over revenue rose from 6.8% in 2009 to 7.1%.

(In € millions)	2010	2009	2010 vs 2009 change		2010 vs 2009 change on constant Group structure and exchange rate basis	
Revenue	**30,466**	**24,882**	**5,585**	**22.4%**	**1,024**	**4.1%**
Employee benefit expenses	-12,154	-10,415	-1,740	16.7%	191	-1.8%
Purchases and external charges (excluding infrastructure fees and energy)	-10,366	-7,984	-2,381	29.8%	-689	8.6%
Infrastructure fees	-3,679	-3,190	-489	15.3%	-174	5.5%
Energy	-1,180	-814	-366	45.0%	-59	7.3%
Taxes and duties other than income tax	-1,072	-930	-142	15.2%	-75	8.0%
Other income and expenses	147	139	8	5.8%	-2	-1.5%
Gross profit	2,163	1,688	475	28.1%	216	12.8%
Gross profit/revenue	*7.1%*	*6.8%*				

NB: the analyses below involve changes on a constant Group structure and exchange rate basis.

Employee benefits expense declined by €191 million or -1.8%. Adjusted for the initial recognition of provisions relating to the gradual cessation of activity (CPA) and the time-savings account for €332 million in the 2009 financial statements, employee benefits expense rose by +1.4% (+€141 million).

This change was attributable to a volume impact (2.1% decline in number of employees - see Note 6.1 in Employee matters) offset by a price impact (3.6% rise in average cost by employee).

Purchases and external charges (excluding infrastructure fees and energy expenses) and other income and expenses increased by €692 million (+8.8%). The turnaround in business recorded for SNCF Geodis resulted in higher subcontracting costs (+€546 million), particularly in the air and sea transport commission activity.

Note that this heading had been impacted in 2009 by a non-recurring gain of €106 million.

The 5.5% increase in **infrastructure fees** (+€174 million) mainly resulted from an unfavourable price impact of €227 million and a favourable volume impact of €28 million. TGV infrastructure fees rose by 12% (+€140 million).

Infrastructure fees excluding RFF (Eurotunnel and road transport) rose by €11 million.

Energy expenses rose by €59 million (+7.3%), primarily attributable to the increase in electric energy, thermal traction energy and fuel prices.

The increase in **income taxes** amounted to €75 million, of which €100 million for the regional solidarity contribution and €25 million for the employer's construction levy; however, the replacement of the business tax with the territorial economic contribution represented a €50 million decrease.

c) Current operating profit

Current operating profit totalled €531 million, up €386 million compared to 2009.

The revenue to current operating profit conversion rate increased from 0.6% in 2009 to 1.7% in 2010.

The increase in net depreciation and amortisation charges (+€191 million) was due to the Group structure impact in the amount of €193 million.

The net increase in provisions involved a €97 million charge at the end of December 2010, down €102 million compared to December 2009.

Net charges to provisions in 2010 mainly concerned provisions for litigation and contractual liabilities (-€50 million), employee-related liabilities (-€38 million) and restructuring (-€11 million) and net reversals of provisions for operating receivables (+€27 million).

d) Operating profit

Operating profit increased by €1,869 million to +€1,409 million.

— The 2010 profit from the sale of assets amounting to €268 million was mainly attributable to:

- property sales, mainly in Lyon and Paris for €122 million;

- sale to RTE of high voltage lines for €80 million.

The positive impacts of business combinations arose from the creation of Eurostar International Limited (+€273 million, comprising a capital gain of €216 million and negative goodwill of €57 million) and the acquisitions of Keolis (€167 million), Ermewa (€145 million) and Werner Egerland (€1 million).

Impairment losses totalled +€23 million (down €1,060 million compared to 2009) and mainly concern:

- a reversal of the impairment losses recorded for Trains d'équilibre du territoire (balancing of regional rail service plan) (+€393 million);

- an additional impairment loss for Fret SNCF rolling stock (-€157 million), primarily due to the decision to no longer maintain the Multi-Wagon/Multi-Customer activity as a CGU; this decision led to an accounting reallocation of the locomotives to other CGUs and their impairment;

- an additional impairment of Infrastructure CGU assets (-€79 million);

- an impairment of multimodal transport CGU and rail freight assets (-€75 million);

- an impairment of auto-train, special train and Elipsos equipment (-€37 million).

e) Finance costs

Finance costs increased by €55 million; adjusted for fair value impacts (€107 million), these costs decreased by €52 million. This change was mainly due to the following factors:

– a €25 million improvement in the financial cost of employee benefits by €25 million due to the recognition in 2009 of the financial cost of the provision for the gradual cessation of activity and the time-savings account in the amount of €33 million;

– exceptional income recorded in 2010 following the settlement of litigation with RFF in the amount of €20 million.

f) Share of profit of associates

The share of profit of associates totalled €6 million, compared to €14 million in 2009.

The 2009 profit mainly comprised the share of profit of Keolis that was fully consolidated as at 31 December 2010.

In 2010, the profit mainly involved the contribution of Eurofima (€8 million).

g) Income tax

The €110 million decrease in income tax was attributable to:

– a €205 million reduction in the deferred tax expense, as the 2009 net profit included the impairment of the deferred tax assets for €200 million;

– an increase in current tax expense from €23 million in 2009 to €117 million in 2010, of which €75 million relating to the new tax on the profits of rail companies for the financing of Trains d'équilibre du territoire and €19 million arising from the takeover of Keolis.

h) Net profit/(loss) from discontinued operations

Following the Group's decision to sell its SeaFrance subsidiary, the financial items of this company were reclassified to Net profit/(loss) from discontinued operations *(see Note 1.6 in Major events of the year).*

i) Net profit attributable to equity holders of the parent

As a result of all these changes, the net profit attributable to equity holders of the parent totalled €697 million, compared to a loss of €980 million in 2009, after recognition of net profit attributable to non-controlling interests (minority interests) of €25 million.

The €1,677 million improvement in net profit was due to the following items in the amount of €1,448 million:

– changes in impairment recorded for rail freight, Trains d'équilibre du territoire (balancing of regional rail service plan), Infrastructure – Maintenance and works and SeaFrance (+€794 million);

– impact on the profit from the acquisition of Keolis, Ermewa and Eurostar Limited International (+€585 million);

– charge in 2009 to provisions for the gradual cessation of activity agreement (+€358 million) and the time-savings account (+€7 million);

– impairment in 2009 of deferred tax assets (+€200 million);

– capital gain from sale to RTE recorded in 2010 (+€80 million);

– non-recurring gain recorded in 2009 (-€106 million);

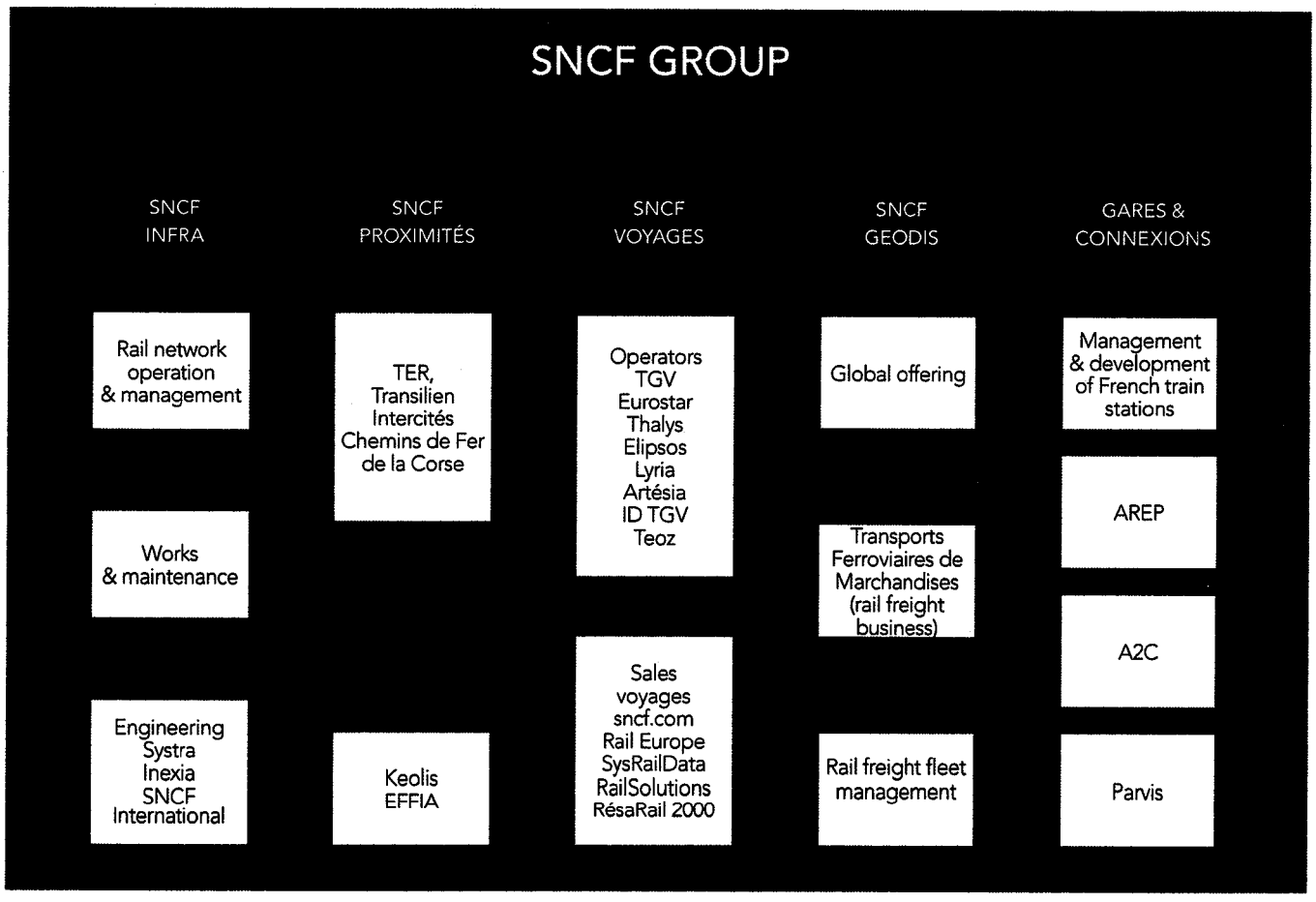
– changes in fair value recorded in finance costs (-€126 million);

– capital gain from sale of Batignolles recorded in 2009 (-€344 million).

The ROCE (calculated on current operating profit) rose from 0.9% to 3.6%.

2 ACTIVITY AND RESULTS BY DIVISION

SNCF Group activity is structured according to five divisions that are supported by common operations: SNCF Infra, SNCF Proximités, SNCF Voyages, SNCF Geodis and Gares & Connexions.



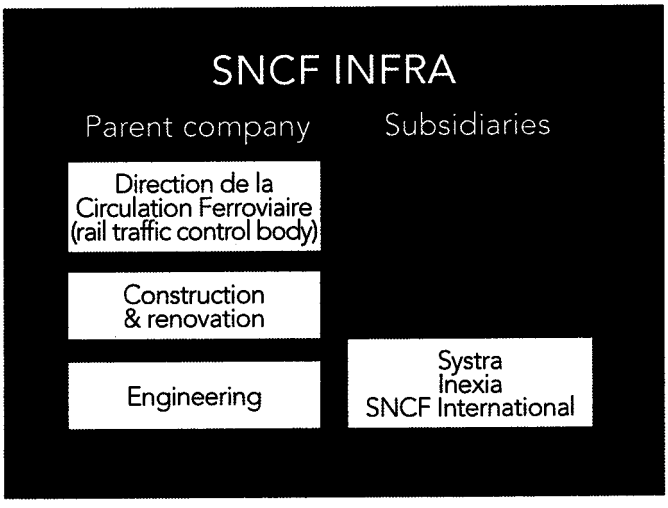
Division contributions to revenue, gross profit, current operating profit and the equity-financed investments of the Group's components break down as follows:

In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations and investments	Inter-division eliminations	Group
Revenue	5,182	10,770	7,217	8,890	1,134	5,021	-7,748	30,466
Gross profit	136	588	915	104	175	244		2,163
Current operating profit/(loss)	130	156	535	-,287	76	-79		531
Equity-financed investments	-98	-379	-605	-472	-128	-444		-2127

The financial data per division shown in the tables on the following pages includes all transactions between divisions.

The 2009 figures are taken from the published financial statements for the year ended 31 December 2009. They have not been adjusted for the creation of the Gares & Connexions division as at 1 January 2010.

2-1 SNCF Infra Division



In € millions	2010	2009	Change
Revenue	5,182	5,146	36
Gross profit	136	-92	228
Gross profit/revenue	2.6%	-1.8%	
Current operating income	130	-134	265
Equity-financed investments	-98	-152	54

Excluding the Group structure impact (+€1 million) and the impact from the creation of the Gares & Connexions division as at 1 January 2010 (-€14 million), the revenue of the SNCF Infra division increased by €49 million (+1.0%).

The SNCF Infra division includes:

- the delegated management activities of Infrastructure on behalf of Réseau Ferré de France (traffic management and network maintenance);

- Engineering activities (Systra, Inexia and SNCF International).

Highlights

In 2010, the SNCF Infra division entered into negotiations with Réseau Ferré de France (RFF) for the renewal of the infrastructure management agreement under a new industrial and commercial partnership. These negotiations comprise two phases:
– A transitional agreement for 2011;
– An agreement for 2012 and after.

— Furthermore, the division finalised the signing of a transitional SNCF-Entrepreneur agreement applicable in 2009 and 2010 with the aim of creating a financial balance in this segment.

— The main changes in the organisation of the SNCF Infra division involved:
– the creation as at 1 January 2010 of the Direction de la Circulation Ferroviaire (DCF);
– the withdrawal from the Group structure of the Direction de l'Architecture et de l'Aménagement des Bâtiments (DAAB), the building planning and architecture department and AREP; these entities are now part of the Gares & Connexions division.

— In terms of activity, the year was marked by the completion of major projects in Bordeaux (elimination of the railway bottleneck) and Lyons and Dijon (centralised network orders).

— The business combination including Inexia was chosen by RFF to manage the concession of the Sud-Europe-Atlantique high-speed line.

— 2010 was also marked by the acquisition of Afacor, a company specialising in property buying, particularly in connection with high-speed line constructions.

— On 28 October 2010, RATP and SNCF signed a draft agreement in order to develop the engineering of transport in all the components for their common subsidiary Systra.

2010 results

— Revenue

The increase in revenue (+€36 million or +0.7%) was attributable to:
– the increase in investment services rendered for RFF (+€67 million);
– the development of subsidiary activities, mainly Inexia (+€28 million);
– the acquisition of Afacor as at 30 September 2010 (+€1 million);
– decreases in major maintenance operations and other revenues by €25 million and €24 million, respectively.

Note that 2009 revenue included the revenue of €14 million generated by AREP, which was transferred to the Gares & Connexions division as at 1 January 2010.

— Gross profit

The gross profit of the SNCF Infra division rose by €228 million; the 2009 gross profit included a charge to the provisions relating to the gradual cessation of activity (CPA) for €114 million.

The improvement in gross profit from recurring items (€114 million) was primarily due to:
– the reversal of a portion of the provision for losses on completion regarding the infrastructure management agreement (€53 million);
– the revision of the SNCF-Entrepreneur agreement with RFF (€34 million);
– other items for €27 million, particularly the invoicing of former claims.

— Current operating profit

In addition to the €228 million rise in gross profit, the €265 million improvement in current operating profit was attributable to the reduction in net charges to provisions (a net reversal of €1 million in 2010 compared to a net charge of €30 million in 2009).

— Equity-financed investments

The decrease in net investments was primarily due to the decline in machinery purchases and the change in working capital requirement of investments.

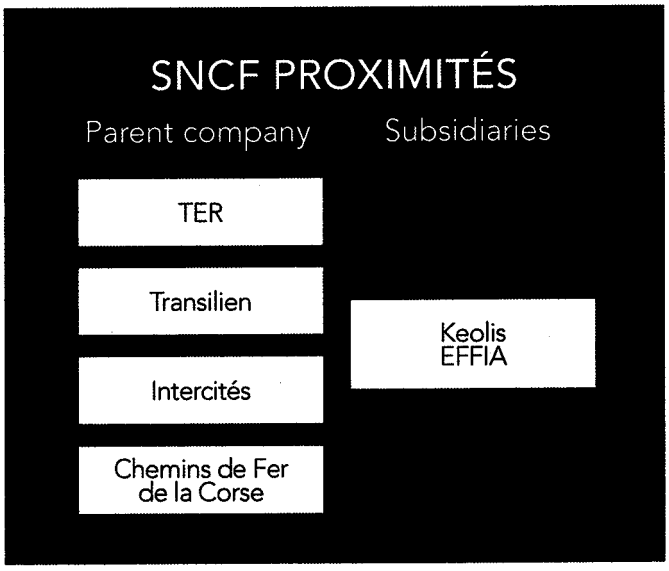
2011 outlook

— The transitional agreement under negotiation with RFF should enable the infrastructure management agreement to break even in 2011.

— 2011 will mark the effective implementation of the project to create a transport engineering subsidiary with RATP.

— The level of activity will be close to that recorded in 2010 for everyday maintenance operations; with regard to work for investment projects, the 2011 production volume will be slightly reduced compared to 2010 in line with the decline in direct project management work (completion of work on the Rhin-Rhône high-speed line). Inexia's activity will continue to grow with the start of the construction project for the new Sud-Europe-Atlantique line.

2-2 SNCF Proximités division



The SNCF Proximités division encompasses all the Group's local transport activities: medium distance links (Intercités), rail transport regulated services (TER, Transilien, Chemins de Fer de la Corse and Keolis subsidiaries), bus, tramway and subway (Keolis) and complementary services relating to passenger transport.

In € millions	2010	2009	Change
Revenue	10,770	6,579	4,191
Gross profit	588	302	286
Gross profit/revenue	*5.5%*	*4.6%*	
Current operating income	156	-25	181
Equity-financed investments	-379	-297	-82

Excluding the Group structure impact (+€3,694 million) and excluding the impact from the creation of the Gares & Connexions division as at 1 January 2010 (+€348 million), the revenue of the SNCF Proximités division increased by €149 million (+2.3%).

Highlights

— Fiscal year 2010 was marked by the completion of the takeover by the SNCF Proximités division of Keolis via the contribution of EFFIA *(see Note 1.1 in Major events of the year).*

— Despite a slight improvement compared to 2009, the economic context remained tense in 2010, generating low contract indexation with regard to changes in production costs.

— Relations with the Organising Authorities were overshadowed by the lower growth of financial resources and cost increases due to regulatory and/or legislative changes (pension and business tax reforms, creation of the Rail Activity Regulation Authority).

— Service quality was impacted by:

– major conflicts in April and October, curbing the traffic recovery momentum.

– a beginning and end of year marked by exceptional weather conditions that had significant repercussions on punctuality.

— Transilien signed an amendment to the agreement with the Syndicat des Transports d'Ile-de-France (STIF), increasing the offering by 1.9 million train-kms in 2010.

— The contract binding SNCF to the Collectivité Territoriale de Corse for the operation of Corsica Railways (Chemins de Fer de la Corse) was extended for one year via an amendment.

— For the Intercités activity, a public service agreement regarding Trains d'équilibre du territoire (balancing of regional rail service plan) was signed with the French State in December 2010 *(see Note 1.5 in Major events of the year)*.

— Fiscal year 2010 was marked for Keolis by:

– the renewal of Lille, Lyons and Lens contracts and the contracts with the Conseil Général du Nord and the city of Paris for the transportation of disabled persons.

– call for tenders wins in France for a full-year revenue volume of €18 million and internationally in the Netherlands (Overijssel and Veluwe contracts), the United States (Washington VRE contract) and Scandinavia.

– improvement in contract profitability in the United Kingdom (increase in passenger frequentation) and the solid growth of the Melbourne contract.

– ongoing problems in Canada and the initial impacts of the austerity measures decided by the Organising Authorities (particularly offer reductions in Belgium).

2010 Results

— Revenue

2010 revenue increased by €4,191 (+63.7%) compared to 2009, primarily due to:

– the acquisition of Keolis as at 4 February 2010 (+€3,694 million),

– the creation of the Gares & Connexions division as at 1 January 2010 (+€348 million),

– the increase in the contributions paid by the Organising Authorities relating to a positive indexation impact and the developments in the TER and Transilien offerings (+€149 million),

– the +€58 million rise in revenue, of which a price impact of +€63 million.

However, the amount of losses and penalties rose by €35 million compared to 2009, mainly in line with the strikes in April and October 2010.

— Gross profit

The gross profit of the SNCF Proximités division rose by €286 million (+195%) between 2009 and 2010; excluding the impact of Keolis' takeover (+€205 million), gross profit increased by €81 million. This improvement was attributable to:

– non-recurring expenses recorded in 2009: charge to provisions for the gradual cessation of activity, the time-savings account and site decontamination,

– for TER, the rise in profit margin, despite the impact of strike action,

– for Transilien, the invoicing of commissioning costs for the new 2010 offering and cost control.

— Current operating profit

The division's current operating profit increased by €181 million, including:

– a Group structure impact of €63 million,

– the €81 million increase in gross profit,

– the €39 million decrease in depreciation and amortisation, primarily due to the asset transfers to the new Gares & Connexions division.

— Equity-financed investments

The €110 million increase in the division's equity-financed investments was attributable to the takeover of Keolis.

2011 outlook

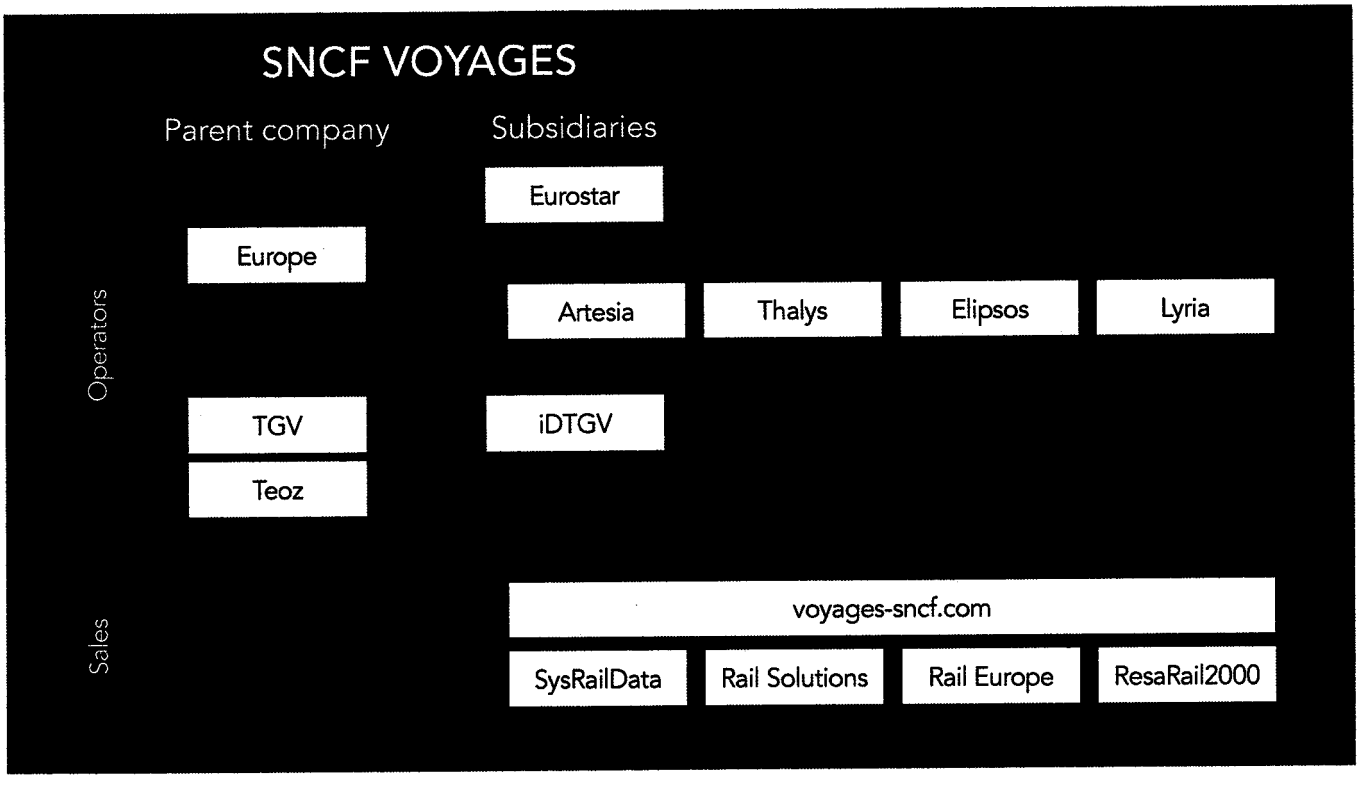
— For Keolis, fiscal year 2011 will be marked by the implementation of new Lille and Lyons contracts and the improvement in the profitability of municipal contracts. Internationally, business development will be mainly located in the United Kingdom, Scandinavia and Benelux.

— For TER, the tense financial situation of the Organising Authorities will limit the development prospects of the commercial offer (2.7% increase in train-kms) in 2011. The year will also be marked by the preparations for the general implementation of scheduling and the renewal of the Limousin agreement.

— The Transilien offering will be stable in 2011 (0.3% rise in train-kms); the activity will prepare for the renewal of the STIF agreement for implementation as at 1 January 2012.

— For Intercités, 2011 will be marked by the implementation of the Trains d'équilibre du territoire (balancing of regional rail service) agreement.

2-3 SNCF Voyages division



The SNCF Voyages division includes:

– carrier services through its TGV, Téoz and Europe (Eurostar, Thalys, Lyria, etc) activities;

– supply of services related to the transportation of passengers: distribution (with among others voyages-sncf.com) and train management.

In € millions	2010	2009	Change
Revenue	7,217	7,375	-158
Gross profit	915	1,151	-236
Gross profit/revenue	*12.7%*	*15.6%*	
Current operating income	535	707	-172
Equity-financed investments	-605	-847	242

Excluding the Group structure impact (-€19 million), the exchange rate impact (+€13 million) and the impact from the creation of the Gares & Connexions division as at 1 January 2010 (-€392 million), the revenue of the SNCF Voyages division increased by €240 million (+3.5%).

Highlights

— As at 1 September, Eurostar changed from being a consortium to a railway company (Eurostar International Limited) 55% owned by the SNCF Group *(see Note 1.4 in Major events of the year).*

— Based on the customer-focused strategy ("le client au centre"), new customer services were launched in 2010:

- widespread deployment of e-ticketing;

- widespread deployment of the "TGV Family" offering;

- "home baggage" delivery service;

- "auto-train" service: booking on the Internet and valet parking service;

- a new version of the voyages-sncf.com site was developed in June.

— Voyages-sncf.com acquired a majority stake in Findworks Technologies (Liligo.com price comparison site).

— The traffic was significantly impacted by numerous conjectural events: Spring and Autumn labour conflicts, Belgian network disruptions (Hal accident), and the air traffic disruptions relating to the Icelandic volcano, resulting in an air-to-rail switchover for customers.

— A public service agreement for Trains d'équilibre du territoire (balancing of regional rail service plan) signed with the French State in December 2010 impacted the division's accounts: reversal of the provision for impairment of the rolling stock concerned by the agreement (€214 million) and recognition of a new tax, the regional solidarity contribution totalling €100 million *(see Note 1.5 in Major events of the year).*

2010 results – excluding the impact from the creation of the Gares & Connexions division

— Revenue

In a more favourable economic context than in 2009, the 3.5% increase in revenue on a constant Group structure and exchange rate basis (+€240 million) was driven by the growth in international relations (solid commercial performance of the Eurostar, commissioning of the Dutch high-speed line for Thalys, development of the Lyria offering) and steady domestic revenue (TGV and iDTGV up 3.0%), which together offset the negative impact of strikes and network operations.

— Gross profit

In 2010, the gross profit of the SNCF Voyages division declined by €74 million.

The new regional solidarity contribution (€100 million) and the increase in infrastructure fees (+€174 million) were partially offset by the steady revenue and control of internal operating costs.

— Current operating profit

Current operating profit followed the same trend as gross profit (from -€70 million to €535 million).

— Equity-financed investments

The decrease in equity-financed investments (-€143 million) was mainly attributable to the slowdown in TGV Dasye acquisitions and the end of the delivery of 82 TGV Duplex trains in 2009; however, in 2010, TGV 2N2 deliveries accelerated.

2011 outlook

The year 2011 will be marked by:

- the preparation of the division for the arrival of competitors, expected in 2012, by focusing on the fundamentals: improvement in operating performance and the recovery of customer satisfaction;

- a domestic market of limited growth pending the commissioning of the Rhin-Rhône high-speed line, and the increasing impact of network operations;

- the completion of several major projects launched in previous years: widespread deployment of e-ticketing, Box TGV offering on the Eastern lines;

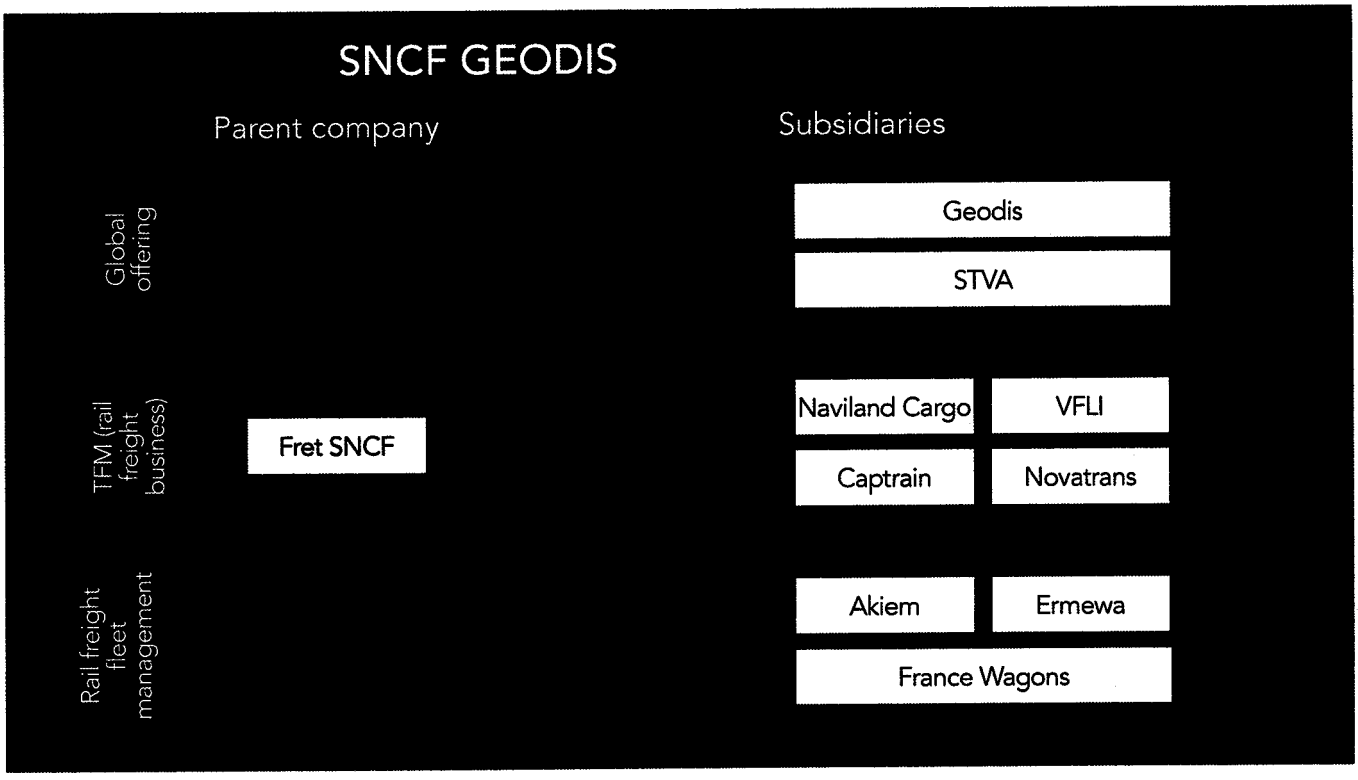
- continued development of European offerings: opening of the Haut-Bugey line at the end of 2010, greater Thalys frequency to Amsterdam, return to 3 daily daytime round trips to Italy, launch of NTV scheduled for September 2011, ramp-up of the France/Spain high-speed link (opening at the end of 2010);

– substantial external impacts on expenses: very high expected increase in the scale of infrastructure fees and energy prices (around +€260 million on a constant supply basis), in an economic context that remains uncertain;

– ambitious growth objectives for the division's revenue and cost control, which, despite the significant team mobilisation required, will help absorb the impact of external shocks;

– 2011 will be marked by the implementation of the Trains d'équilibre du territoire (balancing of regional rail service) agreement.

2-4 SNCF Geodis division



The SNCF Geodis division includes a full range of transport and freight logistics businesses.

In € millions	2010	2009	Change
Revenue	8,890	7,377	1,512
Gross profit	104	-49	153
Gross profit/revenue	*1.2%*	*-0.7%*	
Current operating income	-287	-420	133
Equity-financed investments	-472	-414	-58

Excluding the Group structure (+€858 million) and exchange rate (+€169 million) impacts, the revenue of the SNCF Geodis division increased by €486 million (+6.6%).

Highlights

— In 2010, the SNCF Geodis division strengthened its positions through targeted acquisitions: Ciblex (parcel delivery and express), Chevallier et Bertola (contractual logistics), Werner Egerland (STVA) and Giraud Europe du Nord et Europe du Sud (Geodis BM).

— The division now exercises 100% control over Ermewa following the acquisition of the 50.4% held by IPE (February 2010); in consideration for the approval of the Ermewa transaction by the competition authorities, Ermewa sold its cereal business in July 2010 *(see Note 1.2 in Major events of the year).*

— The Multi-Modal division was reinforced by the acquisition of Lorry-Rail, following the purchase of Novatrans at the end of 2009.

— The division acquired the remaining 25% of ITL, a company present in Germany, Poland and the Czech Republic that specialises in the design and implementation of rail transport services in Germany and towards Eastern Europe.

— The international rail freight activities were regrouped under the Captrain trademark.

— The loss in revenue relating to strike action was valued at €74 million for Fret SNCF.

— The SNCF Geodis division began rolling out its new master development plan for environmentally-friendly goods transportation by undertaking change initiatives for Fret SNCF and investing in new products (particularly the increase in frequency of services offered by Lorry-Rail).

2010 results

— Revenue

2010 revenue increased by €1,512 million (+20.5%) compared to 2009, due to:

– a Group structure impact of +€858 million (the breakdown of changes in Group structure is shown in Note 1-1),

– a foreign exchange impact of +€169 million,

On a constant Group structure and exchange rate basis, revenue increased by 6.6% (+€486 million).

With the exception of Fret SNCF (-€180 million, -12.4%), all the division's entities reported revenue growth (of which +€454 million, +24.7% for Freight Forwarding).

— Gross profit

The €153 million increase in gross profit was attributable to a Group structure impact of €64 million and a foreign exchange impact of €3 million.

On a constant Group structure and exchange rate basis, gross profit increased by €86 million, of which €57 million for the asset management activity and €54 million for Geodis (€26 million for Parcel Delivery and Express and €24 million for Freight Forwarding).

The gross profit of rail freight transport activities declined by €17 million, of which €13 million for Fret SNCF, due to the substantial decrease in revenue.

— Current operating profit

On a constant Group structure and exchange rate basis, current operating profit increased by €139 million, due to the €86 million rise in gross profit, the €18 million decrease in depreciation and amortisation charges and the €35 million decrease in net movements in provisions.

— Equity-financed investments

The €58 million rise in equity-financed investments was mainly attributable to the acquisition by Captrain of 14 electric locomotives (€52 million).

2011 outlook

The year 2011 should be marked by an improvement in the profitability of the entities and a reduction in loss-making areas.

— Geodis:

– turnaround in profits, based on commercial development and cost control in order to limit price pressure impacts;

– continued roll-out of the logistics chain optimisation offer (4 PL);

– rise in scheduled prices (particularly for the Route and Parcel Delivery and Express entities).

— Fret SNCF:

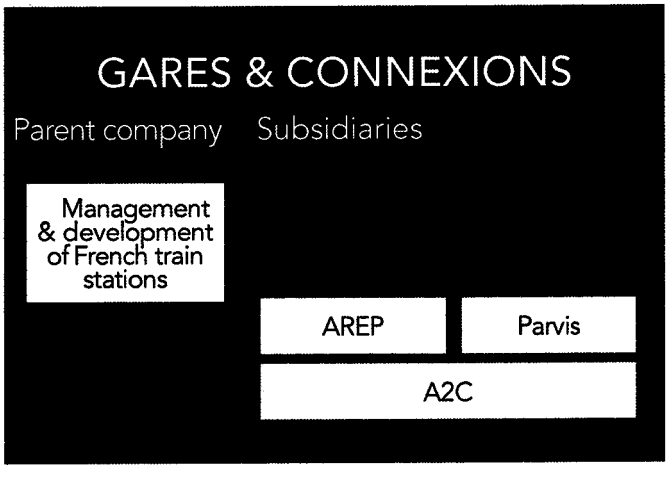
– operational deployment of MLMC (Multi-Wagon/Multi-Customer);

– continued regional restructuring.

— Asset managers: treatment of wagon returns (France Wagons) partly relating to changes in Freight activity.

— Rail carriers: turnaround of business in Germany (Captrain Deutschland) and the multimodal offering (Novatrans / Naviland Cargo).

2-5 Gares & Connexions division



Created on 1 January 2010, the aim of this fifth division is to introduce innovative services into stations, while inventing new areas of mobility for towns and cities. The main subsidiaries included in this division are the AREP group (architecture and urban planning), the A2C group (commercial enhancement of stations) and Parvis.

In € millions	2010
Revenue	1,134
Gross profit	175
Gross profit/revenue	*15.5%*
Current operating income	76
Equity-financed investments	-128

Highlights

— The Gares & Connexions division, acting as station manager dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators, was created on 1 January 2010 *(see Note 1.1 in Major events of the year).*

— Major station development work was carried out in connection with the opening of the Rhin-Rhône high-speed line at the end of 2011 (creation of two new stations in Franche-Comté).

— The signing with RFF of a MoU, with retrospective effect, regarding platform management generated additional revenue of €15 million.

2010 results

— Revenue

Station access fees paid by carriers account for 66% of revenue. These fees are received in consideration for basic services provided in a transparent and non-discriminatory manner to all rail companies, in accordance with the law.

2011 outlook

— The Gares & Connexions business model should be strengthened. The substantial pressure on regulated prices (price impact) in connection with a lower volume of services will give rise to a €28 million decline in revenue in 2011. This requires efforts to reduce expenses in the short term and promote investment programmes which contribute to the revenue growth of the non-regulated sector.

— The stabilisation of the business model involves:

– the drafting of a "Stations" decree ensuring cost coverage and a return on capital;

– the return to break-even for regional stations, particularly when negotiating new agreements; the negotiations with STIF are therefore extremely important.

— The year 2011 will also be marked by the set-up of station governance shared between carriers and the Organising Authorities. The purpose of this governance is to create a relationship of trust with the OA and objectify investments and the expected level of service.

— The Railway Regulation Authority (ARAF) should express an opinion in forthcoming weeks on the correct accounting separation for the division (no cross subsidiaries, fair pricing framework).

— External revenue growth operations continued:

– commissioning of new stations on the Rhin-Rhône line and the renovated Paris-Saint-Lazare station;

– implementation of sales counter, health centre and business centre projects;

– initiation of tenders for the Paris Lyon/Bercy station.

2-6 Common operations and investments

Common Operations and Investments encompasses the Group's support functions, the Equipment and Traction service providers, the Real Estate activities (Real Estate Department, ICF, SNEF) and a few subsidiaries and affiliates such as SeaFrance.

a) Equipment

Since 2009, the Equipment activity has implemented its "2012 Performance" programme, aimed at making it the number one maintenance provider in Europe, primarily serving SNCF Group activities, but also third parties. The concrete achievements in 2010 satisfy the following objectives:

— guarantee the fundamental characteristics of the business, which are security, reliability, availability and cost control through the roll-out of agile, modular and/or sequenced maintenance depending on customer requirements.

— improve the overlap between maintenance and operating activities, by being attentive to the diverse expectations of its customers through:

– increased partnership work with TER activities;

– strengthening of the IMTS subsidiary, renamed Masteris in March 2010.

— continue its industrial transformation, by aiming for the highest level of technical expertise and constantly improving the efficiency of its teams by:

– ensuring quality compliance for the Rennes and Bischheim pilot sites;

– implementing a fleet technical monitoring system.

The 2011 objectives involve the following points:

— reinforce the level of security for railway operations and personnel and reduce environmental risks (ISO 14001 certification of 36 sites).

— step up "network maintenance" for the TGV and Corail.

— support TER activities in their scheduling projects, strengthen common management (shared indicators, industrial programme, crisis management, etc.) and successfully create a reliability plan.

— assist Transilien with the renewal of the STIF contract in 2011.

— continue industrial transformation by completing the set-up of the fleet technical monitoring system and extending remote analysis to maintenance.

— win external market shares in France and abroad:

– possess a fully operational Masteris sales team, with the aim of doubling external revenue by focusing on markets in France, UK, Germany and Benelux;

– develop selective partnerships abroad, particularly for locomotive and wagon maintenance.

b) Traction

The Traction division was marked by the following events in 2010:

– the labour conflicts in April and October with an average of around 7 strike days per employee.

– the consolidation of the new joint management of sites with the divisions and preparation for the testing with the SNCF Infra division of a management and invoicing method in 2011 that is more in line with actual costs.

– the creation of the new Eurostar International Limited entity in September, with secondment of around one hundred drivers to the new joint venture.

c) Real Estate

The year 2010 was marked by:

– the first year of operations for S2FIT, the office real estate firm set up on 31 December 2009 which manages 25 office blocks previously owned by SNCF.

– a reduction in office surface area by 30,000 m², in line with the defined objective, and despite substantial property leasing (particularly CNIT, Tour Oxygène in Lyons and Etoile du Nord in Paris).

– the end of the lease appraisal campaign organised to adjust internal rent to market conditions.

– the main disposals in the year involved 20 boulevard Diderot in Paris and the Lyon-Lugdunum, Reims-Courcelles and Havre-Soquence buildings.

d) Maritime transport

Following the signature of agreements with employee representative bodies on 7 January 2010, and considering the worsened financial position of SeaFrance and the current recession, the SeaFrance Management Board implemented a recovery plan incorporating productivity measures and changes to the commercial offering, accompanied by a job protection plan resulting from this reorganisation.

Despite the signature of agreements, two industrial movements seriously affected shipping operations in January and April of 2010, leading to the cancellation of 229 crossings.

After assessing the impacts of these movements, the SeaFrance Management Board was forced to seek the protection of the Paris Trade Court, and obtained a judgement on 28 April 2010.

In this urgent context, a New Industrial Plan (NIP) was prepared by the Management Board and presented at the beginning of June to employee representatives, members of the Supervisory Board and the receivers. Still based on an operating plan comprising four ships, but highly adapted to seasonal requirements, this plan includes in particular an in-depth overhaul of onboard sales outlet opening hours based on demand and provides for the suppression of an additional 243 jobs compared with employee numbers under the initial recovery plan, representing a total of 725 job losses.

On 30 June 2010, following the request presented by the Management Board on 16 June and supported by the receivers, the Paris Trade Court placed SeaFrance in administrative receivership. This change in status enabled representative bodies to be consulted on the planned reorganisation and the new job protection plan resulting from the NIP in accordance with a reduced timetable compatible with the 31 July deadline.

The new agreements on work organisation signed on 21 July 2010 and those used to set up emergency measures signed on 1 October 2010 authorised the implementation starting October 2010 of the new organisation for the company provided by the NIP, with ships being subject to revised commercial operations.

The observation period, which was initially to expire on 15 September 2010, was extended to 15 December 2010 and then 28 April 2011, in order to continue with the implementation of the redundancy plan, following SNCF's authorisation by the European Commission to grant its subsidiary an additional loan

as part of a rescue aid package. At the end of 2010, 400 voluntary retirements were already finalised, bearing in mind that redundancies notified in December will result in 235 employee departures in early 2011.

At the same time as these restructuring measures, SNCF initiated a process to sell SeaFrance securities *(see Note 1.6 in Major events of the year)*.

Whereas the company had benefited from lower Eurotunnel capacity in 2009 due to the consequences of the September 2008 fire, SeaFrance's performance in 2010 was contrasted.

The 2010 revenue totalled €151 million, down €25 million (-14%) compared to 2009 and the gross deficit amounted to -€18 million (-€10 million in 2009).

Following the Group's decision to sell SeaFrance, the financial figures for this subsidiary have been reclassified under "Net profit/(loss) from discontinued operations" in the income statement and the headings "Assets classified as held for sale" and "Liabilities relating to assets classified as held for sale" in the 2010 statement of financial position.

3 INVESTMENTS AND NET DEBT

3-1 Investments

(In € millions)		2010	2009	Change	
Equity-financed investments	A	-2,127	-2,211	84	-4%
Net disposals	B	533	221	312	141%
Equity-financed investments net of disposals	**A + B**	**-1,594**	**-1,989**	**396**	**-20%**

Equity-financed investments decreased by €84 million compared to 2009 to €2,127 million. Excluding the Group structure impact, the decrease in equity-financed investments totalled €195 million, mainly attributable to the slowdown in TGV equipment purchases (-€124 million).

The increase in net disposals was primarily due to:

- property sales (€122 million);
- sale to RTE in the first half of 2010 (€80 million);
- sale of cereal wagons by Ermewa (€28 million);
- a Group structure impact (€24 million).

3-2 Group net debt

(In € millions)	31/12/10	31/12/09	Change
Non-current debt	16,386	14,887	1,499
Non-current receivables	-6,771	-6,549	-222
Net non-current debt	**9,615**	**8,338**	**1,277**
Current debt	5,985	6,464	-479
Current receivables	-7,101	-7,630	530
Net current debt	**-1,116**	**-1,167**	**51**
Net debt	**8,499**	**7,172**	**1,327**
Gearing	*1.2*	*1.1*	

Net debt amounted to €8.5 billion as at 31 December 2010, for a gearing of 1.2 (versus 1.1 at the end of 2009). Cash from operations as a percentage of net debt decreased from 21% at the end of 2009 to 17% at the end of 2010.

The €1.3 billion increase in net debt compared to 31 December 2009 breaks down as follows:

(In € millions)	
Opening net debt	**7,172**
Cash from operations	-1,431
Capital expenditure on PP&E	2,127
Disposals of intangible assets and property, plant and equipment	-533
Net external growth	1,732
Change in operating WCR	-525
Changes in fair value, amortised cost, translation difference	-2
Other (dividends received from associates, taxable WCR, etc.)	-40
Closing net debt	**8,499**

The external growth mainly involves the takeover of Keolis (€910 million) and Ermewa (€551 million).

3-3 Financing sources and debt management

Non-current debt increased by €1.5 billion, while current debt declined by €0.5 billion.

These changes were mainly due to:

- takeover of Keolis and Ermewa for €1.6 billion;

- issue of a bond for €0.9 billion;

- changes in the fair value of bonds and liability derivatives for €0.5 billion;

- subscription of loans from the European Investment Bank (EIB) for €0.3 billion;

- redemption of several bonds for €1.6 billion and repayment of five credit lines for €0.5 billion;

- repayment of a loan subscribed from the EIB for €0.2 billion.

EPIC is responsible for managing most of Group's net debt and carried 87% of the Group's external debt as at 31 December 2010.

The SNCF Group's long-term debt is rated as follows by the main rating agencies:

	Long-term rating	Outlook	Date of report
Standard & Poor's	AA+	Stable	04-juin-10
Moody's	AAA	Négative	25-juin-10
Fitch	AAA	Stable	22-juil-09

The non-current financial receivable increased by €0.2 billion euros, while the current financial receivable decreased by €0.5 billion, mainly due to:

- the consolidation of the financial receivables of the Keolis Group and Eurostar International Limited for €0.4 billion and €0.1 billion, respectively;

- the maturities of the CDP receivable (€1.0 billion);

- the increase in cash by €0.1 billion.

3-4 Group exposure to market risks

The management of market risks is governed by a general framework, approved by the SNCF Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the 2010 consolidated financial statements.

4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RATIOS

(in € millions)	31/12/10	31/12/09
Goodwill	1,607	886
Intangible assets	1,430	605
Property, plant and equipment	16,976	15,600
Non-current financial assets	7,049	6,850
Investments in associates	373	429
Deferred tax assets	1,094	992
Non-current assets	28,528	**25,363**
Operating assets	7,422	6,631
Current financial assets	2,392	3,529
Cash and cash equivalents	4,708	4,101
Current assets	14,522	**14,262**
Assets classified as held for sale	337	1
TOTAL ASSETS	**43,387**	**39,626**
Share capital	4,971	4,971
Consolidated reserves	1,237	2,527
Net profit/(loss) for the year	697	-980
Equity attributable to equity holders of the parent	**6,905**	**6,518**
Minority interests	80	78
TOTAL EQUITY	**6,985**	**6,596**
Non-current employee benefits	1,752	1,594
Non-current provisions	950	1,175
Non-current financial liabilities	16,386	14,887
Deferred tax liabilities	468	96
Non-current liabilities	**19,557**	**17,753**
Current employee benefits	83	81
Current provisions	209	240
Operating payables	10,196	8,485
Operating liabilities	**10,489**	**8,807**
Current financial liabilities	5,985	6,464
Current liabilities	**16,473**	**15,271**
Liabilities relating to assets held for sale	372	6
TOTAL EQUITY AND LIABILITIES	**43,387**	**39,626**
Gearing (Net debt / Equity)	1.2	*1.1*
Cash flow from operations / Net debt	17%	*21%*

4-1 Modifications to the 2009 comparative statement of financial position in relation to the published version

Under IAS 20, investment grants may be presented using two methods: deduction from non-current assets or under deferred income in liabilities. Prior to the published financial statements for the year ended 31 December 2009, the Group presented its grants separately in the statement of financial position liabilities while recognising them as depreciation and amortisation in the income statement. The statement of financial position method of presentation has been harmonised with that of the income statement. Investment grants are reclassified from liability accounts and deducted from subsidised assets as at 31 December 2010 and the comparative statement of financial position as at 31 December 2009. As the Group's subsidised activities are significant, particularly for the SNCF Proximités division, the posting of property, plant and equipment net of grants provides a more pertinent reflection of the impacts of these activities in the statement of financial position.

The quantified impact of this change is outlined in Note 1.3.1 to the consolidated financial statements.

As from fiscal 2010, the Group has adopted IFRIC 12 "Service Concession Agreements." This new adoption had no impact on the statement of financial position, profit or loss or equity for the year ended 31 December 2010 *(see Note 1.3.2 to the consolidated financial statements).*

4-2 Main changes

The statement of financial position recorded the following changes between 31 December 2009 and 31 December 2010:

– increase in goodwill mainly due to the takeover of Keolis (€410 million) and the acquisitions made by the SNCF Geodis division, particularly Ermewa (€245 million);

– increase in intangible assets and property, plant and equipment attributable for €2,084 million to changes in Group structure;

– improvement in working capital requirement due to a Group structure impact of €318 million;

– decline in net deferred taxes (assets) on account of the takeovers of Keolis and Ermewa (€350 million);

– increase in equity attributable to equity holders of the parent which includes the profit for the period (€697 million) and Group structure impacts (-€429 million).

The changes in financial assets and liabilities are analysed in Note 3.3 to the consolidated financial statements.

5 FINANCIAL RELATIONS WITH THE FRENCH STATE, RÉSEAU FERRÉ DE FRANCE AND LOCAL AUTHORITIES

SNCF receives:

– public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework,

– (in addition to operating and investment grants primarily received for the activities of the SNCF Proximités division) compensation for off-balance sheet financial and social security expenses. This compensation is based on European Union regulations intended to equalise competition conditions between rail and other forms of transport.

5-1 Public service orders

(In € millions)	31/12/10	31/12/09	Change
Compensation of IM by RFF	2,925	2,930	-5
including Traffic and circulation management agreement	*921*	*881*	*40*
including Track and asset management agreement	*2,004*	*2,049*	*-45*
Work for RFF	1,486	1,403	83
Total RFF	**4,411**	**4,333**	**78**
Compensation for regional rates	378	365	13
Services for the Organising Authorities	3,581	3,489	92
Total Regions and STIF	**3,959**	**3,854**	**105**
Newspapers	5	5	0
Socially-motivated prices	68	67	1
Defence	189	182	7
Total French State	**262**	**254**	**8**
TOTAL	**8,632**	**8,441**	**191**

a) Work for RFF

The +€83 million increase in this heading compared to 2009 was mainly attributable to the rise in subcontracting projects for €71 million.

b) Services for Transport Organising Authorities

The +€92 million increase in these services compared to 2009 was primarily due to the rise in services invoiced at a fixed rate to the Organising Authorities.

5-2 Grants and compensation for financial and social expenses

Public contributions granted to the Group by the State and local communities are presented in the following table:

(In € millions)	31/12/10	31/12/09	Change
Operating grants	59	42	17
Investment grants relating to concession financial assets	234	1,023	-889
Investment grants relating to intangible assets and property, plant and equipment	692	108	684
Total	**985**	**1,173**	**-188**

a) Public contributions included in profit or loss

Operating grants
These are mainly grants of a social nature paid to companies by the French State in connection with its employment policy.

b) Other payments received with no impact on profit or loss

Investment grants received
SNCF receives investment grants in the form of third-party financing, primarily from local authorities, for rolling stock.

In accordance with IFRIC 12, grants received as part of a concession are presented in the statement of financial position as a deduction from the intangible assets or financial assets according to the applicable model following the analysis of each concession agreement.

In the income statement, investment grants relating to intangible assets and property, plant and equipment are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

The adoption of IFRIC 12 is presented in Note 1.3.2 to the consolidated financial statements.

6 EMPLOYEE MATTERS

6-1 Workforce

	31/12/10	31/12/09	Change		Change excluding Group structure impact [1] and impact from creation of Gares & Connexions	
SNCF Infra Division	53,037	54,624	-3%	-1,587	-2%	-927
SNCF Proximités Division	57,321	16,846	+240%	40,475	+0%	10
of which Keolis-EFFIA group [2]	*42,168*	*1,703*	*+2,376%*	*40,465*		
SNCF Voyages Division	27,261	27,315	-0%	-55	-0%	-17
SNCF Geodis Division	47,192	45,670	+3%	1,522	-5%	-2,348
of which Geodis group	*29,385*	*27,067*	*+9%*	*2,318*		
Gares & Connexions	1,420	0	n/a	1,420	n/a	0
Common operations and investments	54,747	55,642	-2%	-895	-2%	-895
Total	**240,978**	**200,097**	**+20%**	**40,881**	**-2%**	**-4,176**

[1] Impact of changes in group structure:

– SNCF Infra division: acquisition of Afacor (+6);

– SNCF Proximités division: Keolis – EFFIA merger and takeover of Keolis (+40,465);

– SNCF Voyages division: creation and consolidation of Eurostar International Limited (+686) and acquisition of Findworks Technologies (+30);

– SNCF Geodis division: mainly acquisitions of IBM Global Logistics, Cool Jet and Captrain in 2009, acquisitions of Werner Egerland and Ciblex and full takeover of Ermewa in 2010 (+3,870);

[2] In 2009, Effia only.

Excluding changes in group structure, material changes in employee numbers concern:

– a decrease in employee numbers in the SNCF Infra division (-927) as a result of productivity gains;

– a decrease in employee numbers in the SNCF Geodis division (-2,348) primarily due to the reorganisational measures implemented in Fret SNCF;

– a decrease in employee numbers in Common Operations and Investments, affected by the restructuring measures implemented by SeaFrance (-259) and redundancies in the parent company (-693, mainly in Equipment, Traction and HR).

Changes in subsidiary employee numbers over recent years primarily reflect changes in group structure:

	2010	2009	2008	2007	2006
Parent company[1]	157,894	161,771	163,485	166,213	168,386
Subsidiaries	83,084	38,326	37,854	35,332	33,356
Total	**240,978**	**200,097**	**201,339**	**201,545**	**201,742**

[1] *Including seconded employees.*

6-2 Main agreements signed in 2010

The main agreements signed in 2010 were as follows:

– agreement concerning certain measures granted to "free" agents and employee representatives signed on 11 January 2010,

– agreement on the duration of terms of office and on professional elections signed on 22 February 2010,

– agreement on the use of electronic voting at the next Works Committee/Employee Representative professional elections of the SNCF parent company signed on 22 February 2010,

– MoU for the March 2011 Works Committee/Employee Representative professional elections of the SNCF parent company signed on 7 December 2010,

– MoU for the election of employee delegates and representatives in works committees (practical measures) signed on 7 December 2010.

7 2011 CHALLENGES AND OUTLOOK

7-1 Outlook

The 2011 business forecasts do not convey an obvious economic turnaround in the Euro zone and remain uncertain with regard to major commodity prices and fluctuations in the primary currencies and interest rates.

In this general context, the 2011 budget will be aimed at bolstering the measures taken over the past two years:

– cost and capital expenditure control measures will be continued,

– the budgeted scope of consolidation will remain stable compared to 2010,

– organisational measures intended to eliminate recurring losses will continue.

With expected growth of around 6% or €1,900 million on a constant Group structure and exchange rate basis, growth in revenue in 2011 will be slightly higher than in 2010 based on:

the increase in regulated activity revenue by more than +€910 million, including +€270 million for SNCF Infra, +€140 million for TER, +€85 million for Transilien, +€210 million relating to the regulation of Trains d'équilibre du territoire (balancing of regional rail service plan) and +€210 million for Keolis.

– the €400 million increase in SNCF Voyages (excluding Trains d'équilibre du territoire), driven by the continued development of European services, the growth of the iDTGV and the return of national TGV revenue to a standardised 2010 level, without the negative impacts of labour conflicts.

– the rise in SNCF Geodis revenue by more than €530 million, mainly relating to the global activities of Freight Forwarding and SCO and the European parcel delivery and express and logistics activities.

The 2011 gross profit should continue to improve, despite the 10% increase in infrastructure fees (+€360 million), which will severely hinder the results of SNCF Voyages, and not to mention the €130 million rise in energy costs mainly due to the end of the TARTAM program, replaced by the NOME law.

Finally, the Group has budgeted for increased capital expenditure compared to 2010. After taking into account asset disposals, a positive free cash flow should be recovered, thus stabilising Group debt and resulting in the upturn of cash flow from operations, primarily due to the efforts to reduce external expenses, the regulation of certain "risk areas", and control over capital expenditure.

The net debt/gross profit ratio (according to the methodology adopted by the rating agencies) will improve and fall from 7.5 in 2010 to 5.8 in 2011.

7-2 Challenges

On 6 July 2010, SNCF presented its 2010-2015 business plan to the Board of Directors. The plan has six strategic focal points:

– SNCF shall consolidate all its businesses.

– SNCF shall anticipate the changes in its environment, in particular with respect to the opening of the market to competition, and adapt its organisation accordingly.

– SNCF shall resolve its organisational difficulties and stabilise the business models of each activity.

– SNCF shall develop internationally.

– SNCF shall control its spending: external growth operations will be conducted through arbitrage and the Group will adopt a selective capital expenditure policy. Disposals will not make up for the liabilities arising from previous losses.

– SNCF shall set its sights on recovering a sound financial structure in 2015.

The measures undertaken by the Group in order to achieve a sound financial position by the end of 2015 have been included in the 2011 objectives.

Considering the work undertaken on the three risk areas (Infra, Trains d'équilibre du territoire and rail freight), 2011 will mark an important phase between a model that remains focused on the parent company that is penalised by high loss-making activities and a target seeking financial autonomy for each division.

CORPORATE GOVERNANCE

1 BOARD OF DIRECTORS

The Board of Directors of the industrial and commercial public enterprise SNCF comprises eighteen members:

— Seven representatives of the French State appointed by decree, based on the report of the Transport Minister:

– two at the recommendation of the Transport Minister;

– one at the recommendation of the Minister for Economy and Finance;

– one at the recommendation of the Budget Minister;

– one at the recommendation of the Minister for Planning and Regional Development;

– one at the recommendation of the Minister for Industry;

– the Chairman of the Board appointed from among the directors and at their recommendation by a Council of Ministers' decree.

— Five members chosen for their expertise and appointed by decree:

– a representative of passengers;

– a representative of shippers;

– two local councillors chosen for their knowledge of regional, department and local rail-related matters;

– an individual chosen for his personal expertise in the transport sector.

— Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200 members.

A Council of State (Conseil d'État) decree lays down the parent company bylaws and sets the procedures for the appointment and election of Board members.

Board members are appointed for a five-year term of office. A director may not exercise more than three consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner, has an advisory seat on the Board and all committees and commissions created.

The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.

The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board. The Board of Directors holds at least ten meetings annually.

Since its renewal in February 2008, the Board of Directors now has five committees:

— **Strategic Committee,** responsible for reviewing the annual and long-term strategic and financial directions of the parent company and the Group, as well as Group structure operations;

— **Audit and Risk Committee,** responsible for reviewing the annual and half-yearly financial statements, risk mapping and the annual internal audit work programme;

— **Contracting Committee,** consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

— **Passengers Committee,** responsible for monitoring of rail transport agreements between local authorities, public institutions and SNCF, and more generally overall passenger problems.

— **Transport and Logistics Committee,** responsible for reviewing the activity and strategies of the SNCF Geodis division.

In addition to these five permanent committees, a temporary Economic and Social Cohesion Committee was set up on 27 October 2010 for one year with a renewal option. The purpose of this committee is to inform the Board of the social and human challenges of the company's main transformation projects and, more generally, its strategy.

2 MANAGEMENT TEAM

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name. The Executive Committee has twelve members (including the Chairman).

The Chairman has also created a management team, comprising eight Group executive vice-presidents. This management committee coordinates and formalises the main strategic decisions at both parent company and subsidiary level.

SNCF GROUP CONSOLIDATED FINANCIAL STATEMENTS

(IFRS) In € millions
SNCF – 34 rue du Commandant René Mouchotte – 75014 Paris

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

in € millions	Notes	31/12/10	31/12/09[1]
Goodwill	5	1,607	886
Intangible assets	6	1,430	605
Property, plant and equipment	7	16,976	15,600
Non-current financial assets	9	7,049	6,850
Investments in associates	11	373	429
Deferred tax assets	31	1,094	992
Non-current assets		28,528	**25,363**
Inventories and work-in-progress	13	905	806
Operating receivables	14	6,517	5,825
Operating assets		7,422	**6,631**
Current financial assets	9	2,392	3,529
Cash and cash equivalents	15	4,708	4,101
Current assets		14,522	**14,262**
Assets classified as held for sale	23	337	1
TOTAL ASSETS		43,387	**39,626**

CONSOLIDATED LIABILITIES AND EQUITY

in € millions	Notes	31/12/10	31/12/09[1]
Share capital	16	4,971	4,971
Consolidated reserves		1,237	2,527
Net profit/(loss) for the year		697	-980
Equity attributable to equity holders of the parent		6,905	**6,518**
Minority interests	16	80	78
Total equity		6,985	**6,596**
Non-current employee benefits	17	1,752	1,594
Non-current provisions	18	950	1,175
Non-current financial liabilities	19 à 21	16,386	14,887
Deferred tax liabilities	31	468	96
Non-current liabilities		19,557	**17,753**
Current employee benefits	17	83	81
Current provisions	18	209	240
Operating payables	22	10,196	8,485
Operating liabilities		10,489	**8,807**
Current financial liabilities	19 à 21	5,985	6,464
Current liabilities		16,473	**15,271**
Liabilities associated with assets classified as held for sale	23	372	6
TOTAL EQUITY AND LIABILITIES		43,387	**39,626**

[1] *Restated for modifications described in* Note 1.3.

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

in € millions	Notes	31/12/10	31/12/09[1]
Revenue	**24**	**30,466**	**24,882**
Purchases and external charges	25	-15,224	-11,988
Employee benefits expense	26	-12,154	-10,415
Taxes and duties other than income tax		-1,072	-930
Other operating income and expenses		147	139
Gross profit		2,163	1,688
Depreciation and amortisation	27	-1,534	-1,344
(Charge to)/reversal of provisions		-97	-200
Current operating profit		**531**	**145**
Net proceeds from disposals of assets	29	268	432
Positive impacts of Group structure operations	3	586	0
Impairment losses	28	23	-1,037
Operating profit/(loss)		1,409	**-460**
Net borrowing costs and other	30	-305	-226
Finance cost of employee benefits	17	-53	-77
Finance costs		**-358**	**-303**
Net profit/(loss) before tax from ordinary activities		1,051	**-763**
Share of profit of associates	11	6	14
Income tax expense	31	-95	-205
Net profit/(loss) from ordinary activities		962	**-954**
Net profit/(loss) from discontinued operations	23	-240	-17
Net profit/(loss) for the year		722	**-972**
Net profit/(loss) for the year attributable to equity holders of the parent		**697**	**-980**
Net profit for the year attributable to minority interests		25	8

[1] *Figures relating to SeaFrance have not been reclassified in "Net profit/(loss) from discontinued operations" in the 2009 column. The comparative figures in* Note 23 *present a SeaFrance operating loss of 59 million for 2009.*

Earnings per share are neither calculated nor presented in the Group consolidated financial statements since the Group is excluded from the scope of IAS 33 Earnings per Share and the parent company's capital comprises contributions from the French State and not shares *(see Note 16.1).*

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € millions	Notes	31/12/10	31/12/09
Net profit/(loss) for the year		722	-972
Other comprehensive income:			
Change in foreign currency translation		53	-9
Change in value of available-for-sale assets	21	13	13
Change in fair value of cash flow hedges	21	46	5
Share of other comprehensive income of associates		-1	5
Tax relating to other comprehensive income	31	-4	-6
Other comprehensive income for the period net of tax		**107**	**8**
Total comprehensive income for the period		**829**	**-964**
Total comprehensive income attributable to equity holders of the parent		**796**	**-972**
Total comprehensive income attributable to minority interests		33	8

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € millions	Share capital	Additional paid-in capital	Treasury shares	Group translation reserves	Cash flow hedging	Available for sale assets	Reserves of discontinued operations	Net accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
Equity restated as at 01/01/09	**4,971**	**-0**	**-5**	**7**	**-113**	**-24**	**-50**	**2,893**	**7 679**	**74**	**7,753**
Opening adjustment	-	-	-	-	-	-	-	-5	-5	0	-5
Impact of changes in accounting method	-	-	-	-0	0	0	-	-	0	-	0
Equity restated as at 01/01/09	**4,971**	**-0**	**-5**	**7**	**-113**	**-24**	**-50**	**2,888**	**7,674**	**74**	**7,749**
Net profit/(loss) for the year	-	-	-	-	-	-	-17	-962	-980	8	-971
Other comprehensive income	0	-	-	-9	-1	13	-	5	7	0	7
Total comprehensive income	**0**	**-**	**-**	**-9**	**-1**	**13**	**-17**	**-957**	**-972**	**8**	**-964**
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-183	-183	-	-183
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-5	-5
Capital transactions	-	-	-	-	-	-	-	-	-	-	0
Other movements	0	0	-	1	0	0	-	-4	-3	1	-2
Equity published as at 31/12/09	**4,971**	**0**	**-5**	**-0**	**-114**	**-11**	**-67**	**1,743**	**6,516**	**78**	**6,596**
Opening adjustment	-	-	-	-	-	-	-	15	15	-1	14
Impact of changes in accounting method	-	-	-	-	-	-	-	-	-0	-	-0
Equity restated as at 01/01/10	**4,971**	**0**	**-5**	**-0**	**-114**	**-11**	**-67**	**1,759**	**6,533**	**78**	**6,610**
Net profit/(loss) for the year	-	-	-	-	-	-	-240	937	697	25	722
Other comprehensive income	-0	0	-	48	40	13	-	-2	100	8	107
Total comprehensive income	**-0**	**0**	**-**	**48**	**40**	**13**	**-240**	**935**	**796**	**33**	**829**
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-0	-0	-	-0
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-9	-9
Capital transactions	-	-	-	-	-	-	-	2	2	3	6
Other movements	-0	-	5	3	0	0	46	-482	-428	-24	-452
Equity as at 31/12/10	**4,971**	**-0**	**-**	**51**	**-74**	**3**	**-262**	**2,214**	**6,904**	**80**	**6,984**

A dividend for 2008 was approved and paid to the State in July 2009 for €183 million.

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in € millions	Notes	31/12/10	31/12/09
Net profit/(loss) for the year		722	**-971**
Adjustments:			
Elimination of share of profit of associates	IS	-6	-14
Elimination of deferred tax expense (income)	IS	-30	182
Elimination of depreciation, amortisation and provisions		1,566	2,819
Elimination of revaluation gains/losses (fair value)		45	-84
Elimination of net proceeds from disposals and gains and losses on dilution	IS	-869	-434
Other non-cash income and expenses		3	0
Cash from operations net of borrowing costs and taxes		1,431	**1,499**
Elimination of corporate income tax expense (income)	31	127	23
Elimination of net borrowing costs		272	228
Elimination of dividend income		-7	-8
Cash from operations before net borrowing costs and taxes		1,823	**1,742**
Impact of change in working capital		525	-12
Taxes paid		-62	-59
Net cash from operating activities		2,286	**1,671**
Acquisitions of subsidiaries net of cash acquired		-141	-453
Sales of subsidiaries net of cash transferred		0	0
Purchases of intangible assets and property, plant and equipment	7	-2,817	-2,319
Disposals of intangible assets and property, plant and equipment		533	221
New concession financial assets		-8	0
Purchases of financial assets		-17	-50
Disposal of financial assets		1	2
Changes in loans and receivables[1]	15	439	1,519
Change in cash assets	15	-56	38
Receipt of investments grants		692	108
Dividends received		9	13
Net cash from/(used in) investing activities		-1,364	**-921**

in € millions	Notes	31/12/10	31/12/09
Cash from equity transactions	Chge equity	-54	1
Issue of debt instruments	15	1,922	2,900
Repayments of borrowings and the RFF receivable [2]	15	-2,280	-2,463
Net borrowing costs paid		-238	-237
Dividends paid to Group shareholders	Chge equity	0	-183
Dividends paid to minority interests	Chge equity	-12	-5
Increase/(decrease) in cash borrowings	15	478	186
Changes in derivatives	15	-30	1
Net cash from/(used in) financing activities		-215	**199**
Effects of exchange rate changes		6	-16
Impact of changes in accounting policies		-10	0
Impact of changes in fair value		0	3
Increase (decrease) in cash and cash equivalents		703	**936**
Opening cash and cash equivalents	15	3,643	2,707
Closing cash and cash equivalents	15	4,346	3,643

[1] *Of which proceeds of €1,472 million on the repayment of the CPRP current account in 2009*
[2] *Of which €57 million on the RFF receivable (€448 million in 2009) and €1,192 million on the CDP receivable (€1,169 million in 2009)*

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes presented on pages 44 to 134 are an integral part of these consolidated financial statements.
All amounts are in millions of euros (€ millions), unless stated otherwise.

1 ACCOUNTING STANDARDS BASE

Pursuant to article L2141-10 of the French Transport Code of 28 October 2010, which supersedes Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982, Société Nationale des Chemins de fer Français (SNCF), a state-owned industrial and commercial institution "is subject to the financial management and accounting rules applicable to commercial companies". SNCF keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The consolidated financial statements for the year ended 31 December 2010 were approved by the Board of Directors on 17 February 2011.

The terms "SNCF Group," the "Group" and "SNCF" designate the SNCF parent company EPIC and its consolidated subsidiaries. The state-owned institution (EPIC) SNCF, "SNCF EPIC" and "the SNCF" refer solely to the parent company.

1-1 Accounting Rules And Methods

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of SNCF Group for the year ended 31 December 2010 have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union as at this date. The IFRS framework as adopted in the European Union may be consulted on the European Commission website: (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

1-1-1 Presentation of standards and interpretations applied in the preparation of the 2010 consolidated financial statements

The basis of preparation of the 2010 consolidated financial statements detailed in the following notes is the result of:

– standards and interpretations of mandatory application for financial years commencing on or before 1 January 2010;

– elected options and exemptions applied in the preparation of the 2010 consolidated financial statements. These options and exemptions are described in *Note 1.1.2.*

1-1-1-1 Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2010

– IFRS 3 revised Business Combinations, applicable to acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, or 1 January 2010 for the SNCF Group. This standard amends the accounting treatment for acquisitions of subsidiaries. It was approved by the European Commission in June 2009. As adoption is prospective, the business combinations that took place in 2010 were recorded in accordance with the principles described by the standard. For operations that began in 2009 and ended in 2010, the Group opted to expense the acquisition-related costs incurred in 2009.

– IAS 27 revised Consolidated and Separate Financial Statements, applicable to the accounting treatment, not covered by the previous standards and interpretations, of changes in the level of ownership on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, or 1 January 2010 for the SNCF Group. This standard was approved by the European Commission in June 2009. The text had no material impact on the Group, which had already recorded changes in non-controlling interests (minority interests) within equity during previous financial periods.

– IFRIC 12 Service Concession Arrangements, applicable to annual reporting periods beginning on or after 1 January 2008. This text covers the implementation of the financial asset model and the intangible asset model for the accounting treatment of service concession agreements. The text as adopted by the European Commission on 26 March 2009 is applicable to reporting periods beginning on or after 29 March 2010, or 1 January 2010 for the Group. The terms and conditions governing the application of this interpretation to the consolidated financial statements are set forth in *Note 1.3.2* and had no impact on the income statement or equity.

– IFRIC 16 Hedges of a Net Investment in a Foreign Operation, applicable to financial periods commencing on after 1 October 2008 according to the IASB and 1 July 2009 in the European Union, or 1 January 2010 for the Group. This interpretation describes the conditions necessary for hedge accounting when an entity hedges against the risk arising from its net investments in foreign operations and the amounts to be reclassified from equity to profit or loss in the event the operation is sold. This interpretation had no material impact on the consolidated financial statements.

– The amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items seek to specify the risks that qualify for designation as a hedged risk and what

qualifies as a hedgeable portion of a cash flow for hedge accounting purposes. These amendments are applicable to financial periods commencing on or after 1 July 2009, or 1 January 2010 for the Group. This interpretation had no material impact on the consolidated financial statements.

The other amendments, standards, and interpretations, published and applicable on or after 1 January 2010, had no impact on the Group consolidated financial statements.

1-1-1-2 Standards and interpretations not adopted in advance for the preparation of the 2010 consolidated financial statements
The Group has generally not opted for the early application of the standards and interpretations applicable to financial periods commencing on or after 31 December 2010 regardless of whether they were adopted by the European Commission. Specifically, the Group has not applied the following standards and interpretations for fiscal year 2010:

– IAS 24 Related Party Disclosures, applicable to financial periods commencing on or after 1 January 2011.
The amendment clarifies the definition of a related party and stipulates specific disclosure exemptions for State-controlled entities.

1-1-2 Description of accounting options adopted

1-1-2-1 IFRS accounting options adopted by the Group
Certain IASB standards offer options with respect to the measurement and recognition of assets and liabilities. The Group therefore opted:

– to measure intangible assets and property, plant and equipment at amortised/depreciated historical cost and did not elect to revalue these assets at each period-end;

– to record actuarial gains and losses in respect of post-employment benefits generated after 1 January 2006 in accordance with the corridor method, which provides for the amortisation of actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets over the average remaining working lives of the participating employees;

– to account for joint ventures using the proportionate consolidation method.

With respect to grants relating to these assets, the Group has changed presentation options and chosen to present these grants as a deduction of subsidised assets and no longer in liabilities in deferred income (operating payables). The presentation impacts related to this change in accounting method are described in *Note 1.3.*

1-1-2-2 Accounting positions adopted by SNCF Group, pursuant to paragraphs 10 to 12 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
The accounting positions presented below are not (or only partially) covered by specific provisions of international accounting standards (or their interpretations) as adopted by the European Union. SNCF Group has established, to the best of its knowledge, accounting policies reflecting the substance of the transactions concerned.

– Non-controlling interests (minority interests) purchase commitments:
IAS 27 revised, Consolidated and Separate Financial Statements, and IAS 32 revised, Financial Instruments: Disclosure and Presentation, as they currently stand, lead the Group to record firm and conditional non-controlling interest purchase commitments as a financial liability with an offsetting reduction in non-controlling interests. Where the commitment value exceeds the amount of non-controlling interests, the residual balance is deducted from equity. The fair value of non-controlling interest purchase commitments is revalued at each balance sheet date and the corresponding financial liability is offset in equity.

– Individual Training Entitlement *(Droit Individuel à la Formation):*
In the absence of precise IFRS guidance in the matter, the Group continues to maintain under IFRS the French GAAP treatment of the individual training entitlement (CNC emergency committee notice 2004-F of 13 October 2004). Expenditure incurred in respect of the Individual Training Entitlement is expensed for the period and no provision is recorded.

1-1-2-3 New tax regulations in France, applicable as at 1 January 2010
The 2010 Finance Act adopted in December 2009, introduced the Territorial Economic Contribution (Contribution Économique Territoriale or CET) to replace the local business tax (Taxe Professionnelle). The CET has two components: the Cotisation Foncière des Entreprises (CFE), assessed on the rental value of buildings; and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE), computed on the basis of the added value generated by the company. The local business tax cap based on added value has been maintained and is applied to the sum of the CFE and the CVAE. The cap has been reduced from 3.5% to 3%.

As the CET is similar to the business tax (property-based, cap based on the added value), the Group believes that at this stage, the components form an indivisible whole and that the contribution should be subject to a single accounting treatment.

Consequently, the CET will be accounted for as an operating expense, as was the case with the previous business tax.

1-1-2-4 New tax regulations in France, applicable as at 1 January 2011
Article 65 of the 2011 Finance Act introduces two new taxes:

The Territorial Solidarity Tax (Contribution de Solidarité Territoriale – CST) based on total revenue, net of State contributions compensating reduced and regulated fares, collected on the year-end due date of the tax on non-regulated passenger rail transport services and commercial services date. Taking into account its base, this tax is recorded under "Taxes and duties other than income tax" in Gross profit. Its impact for fiscal year 2010 amounted to €100 million.

The tax on rail company profits (Taxe sur le résultat des entreprises ferroviaires – TREF), based on corporate taxable income, before the allocation of tax loss carry-forwards, with respect to the last year closed before the tax due date. The tax is capped at 75 million euros. Taking into account its base, this tax is recorded under "Income tax expense." It had an impact of €75 million on "Net profit/(loss) from ordinary activities" for fiscal year 2010.

1-2 Accounting Estimates

In preparing the Group accounts, management must make estimates, as numerous items included in the consolidated financial statements cannot be valued precisely. The accounting estimates used for the 31 December 2010 financial statements were prepared under the current context of uncertainty regarding business outlooks. Management is required to revise its estimates in the event of a change in the circumstances on which they are based or as a result of new information or further experience. As such, the estimates adopted as at 31 December 2010 may be materially modified and subsequent actual results may differ materially from these estimates based on different assumptions or conditions.

These estimates and assumptions notably concern:

– Determination of goodwill

Business combinations are accounted for using fair value estimates of the assets acquired and liabilities assumed and previously held equity investments in a step acquisition are remeasured at fair value. The difference between the fair value and the acquisition cost represents goodwill.

– Impairment of non-financial assets

The Group performs impairment tests at least once a year on goodwill balances and intangible assets with an indefinite life. In addition, the Group assesses at each balance sheet date whether there is any indication that a non-financial asset may have lost value, necessitating the performance of a test.

These tests seek, in part, to determine a value in use or a market value less costs to sell. Value in use calculations are based on management estimates of expected future cash flows from the asset or cash-generating unit (CGU), the appropriate discount rate to be used to calculate the present value of these future cash flows and the growth rate adopted. Market value calculations are based on an assessment by management of the transaction price that could be obtained for the sale of the assets tested, taking into account the current condition of such assets.

The approach adopted for the Freight business is presented in *Note 4.8.*

The methods used for impairment testing are presented in *Note 8* and the results in *Note 28.*

– Provisions for contingencies and employee-benefit related items

The cost of benefits is determined using actuarial valuations based on a number of assumptions: discount rate, rate of salary increase, mortality rate and inflation. Due to the long-term nature of these plans, uncertainties relating to these assumptions are substantial and may lead to significant changes in provisions based on the changes in assumptions.

– *Income tax expense and deferred tax assets*

A deferred tax asset is recognised when it is probable that the Group will generate future taxable profits against which unused tax savings may be offset. The Group's ability to recover these tax assets is analysed based on its business plan, contingencies relating to the economy and the uncertainties surrounding markets in which the Group is active. Deferred tax assets are adjusted upward or downward should there be any material change in future Group tax results, the adjustment being offset in the income statement.

– *Provisions for environmental risks*

The Group records a provision for environmental risks when there exists a legal or implicit obligation towards a third party that can be reliably measured and which would result in an outflow of resources.

Amounts recorded for site decontamination are based on the best possible estimate resulting from year-end assessments and take into account valuations for known risks currently being assessed.

Amounts recorded for the removal of asbestos from rolling stock correspond to the estimated costs at the end of the equipment life. These costs are determined based on the prices currently invoiced by scrap metal dealers and asbestos removers, which do not include the cost of removing the vehicle in question or the scrap sale price.

– *Derivative instruments*

The Group uses assumptions to measure the fair value of its derivative instruments. The recognition and measurement principles are described in *Note 4.11.*

– *Assessment of the level of the Group's joint control in the new Eurostar entity and the resulting consolidation method (proportionate consolidation)*

Incorporated under British law, EIL was effectively created on 1 September 2010 following contributions from each party. SNCF therefore holds a 55% stake in EIL, while LCR and SNCB hold 40% and 5%, respectively *(see Note 24).*

Parallel to the creation of EIL, an agreement between the three shareholders was drawn up. The agreement sets out the composition of the EIL Board of Directors, a decision-making procedure designed to protect the interests of each shareholder, a mechanism governing settlement of potential conflicts and a pre-emption right for each shareholder in the event one of them should withdraw from the arrangement.

In practice, because of the characteristics of the dispute resolution process, SNCF and LCR generally agree on all strategic decisions with neither party unilaterally imposing its point of view.

SNCF considers joint control to be the strategy that best reflects the governance instituted and its practice.

1-3 Modifications to fiscal year 2010 and comparative years

1-3-1 Change in presentation method for investment grants

Under IAS 20, investment grants may be presented using two methods: deduction from non-current assets or under deferred income in liabilities. Prior to the published financial statements for the year ended 31 December 2010, the Group presented its grants separately in balance sheet liabilities while recognising them as depreciation and amortisation in the income statement. The balance sheet method of presentation has been harmonised with that of the income statement. Investment grants are reclassified from liability accounts and deducted from subsidised assets as at 31 December 2010 and the comparative balance sheet as at 31 December 2009. As the Group's subsidised activities are significant, particularly for the SNCF Proximités division, the posting of property, plant and equipment net of grants provides a more pertinent reflection of the impacts of these activities in the balance sheet.

The change in methods reduces the amount of operating payables, property, plant and equipment, total assets and total liabilities by €7,474 million as at 31 December 2009 and €7,864 million as at 31 December 2010.

1-3-2 First-time adoption of IFRIC 12 Service Concession Arrangements

1-3-2-1 Presentation of IFRIC Interpretation 12
The scope of IFRIC Interpretation 12 includes an arrangement whereby the assets used to provide a public service are controlled by the grantor. Control is deemed to occur when the following two conditions are met:

– the grantor controls or regulates the public service, i.e. he controls or regulate the services that must be provided with the infrastructure that is the subject of the concession, to whom it must provide them, and at what price; and

– the grantor controls the infrastructure, i.e. he can acquire it at the end of the term of the arrangement.

Pursuant to IFRIC Interpretation 12, the infrastructures used cannot in these cases be recorded as property, plant and equipment in the operator's balance sheet, but rather as an intangible asset ("intangible asset model") and/or a financial asset ("financial asset model") according to the level of consideration given by the grantor:

– the "intangible asset model" applies where the operator receives a right to charge users of the public service and is paid in substance by the user, which means the operator bears a demand risk;

– the "financial asset model" applies where an operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of guarantees given by the grantor on the revenue from users of the public service. The consideration is independent of the users' use of the infrastructure.

1-3-2-2 Group activities that could be concerned
As part of its proximity transport activities (regional, local), the Group provides public services (rail transport regulated service), through its SNCF Proximités division, for public authorities (in France, the Regions – Regional transport network organising authorities – and urban centres, and at the international level, various local authorities), in return for a consideration. These services are covered by operating agreements with terms of 3 to 10 years. The accounting treatment of these agreements is described in IFRIC Interpretation 12 Service Concession Arrangements applicable retrospectively for financial periods commencing on or after 1 January 2010 for infrastructures capitalised following the conclusion of such agreements.

1-3-2-3 Scenarios identified
Certain contracts are excluded from the scope of IFRIC 12 since the conditions for presuming control of the grantor are not met. The assets relating to these contracts continue to be recognised as property, plant and equipment as in previous years.

For contracts within the scope of the interpretation, the assets constructed or acquired subsequent to the signature of the contract to fulfil the public service mission are classified either in financial assets or intangible assets according to the contract's risk exposure level. Other assets constructed or acquired prior to the signature of these contracts continue to be recognised as property, plant and equipment as in previous years.

1-3-2-4 Related grants
Grants received in connection with concession arrangements are deducted from intangible assets or financial assets based on the applicable model following analysis of each contract.

In the intangible asset model, grants are deducted from the amortisation charge of the concession over the residual term of the concession arrangement.

In the financial asset model, investment grants are classified as a repayment clause of the asset.

1-3-2-5 Conclusions
As the infrastructures falling under the scope of IFRIC 12 are fully subsidised, they have a nil value in balance sheet assets before and after adoption of the interpretation regardless of the model retained. Therefore, the first-time adoption of IFRIC 12 has no impact on the balance sheet, profit or loss or equity in the consolidated financial statements as at 1 January 2010. The breakdown of impacts on intangible assets, property, plant and equipment and financial assets is provided in *Notes 6, 7* and *9.5.*

2 MAJOR EVENTS OF THE YEAR

2-1 Creation of the Gares & Connexions division

In 2009, station management was the responsibility of the SNCF Proximités and SNCF Voyages divisions. The Gares & Connexions division was created on 1 January 2010 and will act as station manager dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators. On this date, it took over the management of all passenger stations allocated to SNCF. The activities of the Direction de l'architecture de l'aménagement des bâtiments, the building architecture and planning department, previously part of the SNCF Infra division, were also transferred to the Gares & Connexions division, together with the RFF management agreements for platforms and large passenger halls. Specific transporter services were however retained within the SNCF Proximités and SNCF Voyages divisions.

The creation of this division has had an impact on the publication of segment reporting. Due to the significant reorganisation of the relations between divisions, comparable segment information would not available for the 2009 or 2010 structures without incurring excessive costs for its preparation. Comparative items are provided in *Note 24* on segment reporting pertaining to revenue.

2-2 Full takeover of Ermewa

At the end of June 2009, the SNCF Geodis division reported that it had strengthened its position within the wagon and container leasing firm, Ermewa. The complete takeover of the Ermewa group, which was previously 49.6% held, marked the division's desire to consolidate its positioning in the asset management sector by directly proposing varied offerings to shippers. This transaction was finalised on 2 February 2010 upon the authorisation of the European Commission. This authorisation was accompanied by an SNCF commitment to sell the interest in TMF (cereal freight forwarders) and the fleet of cereal wagons previously owned by Ermewa. The proportionate consolidation of the Ermewa group for 2009 and January 2010 was changed to a full consolidation in the consolidated financial statements commencing 2 February 2010. The assets and liabilities of the TMF activity such as the fleet of wagons held for sale were sold by Ermewa on 12 July 2010. The impacts of this combination are described in *Note 3.1.*

2-3 Merger Between Keolis and EFFIA

In March 2009, Keolis, a Group associate, initiated a merger with Effia, a wholly owned SNCF subsidiary. The aim of Keolis is to benefit from Effia's competencies to deploy new mobility services (car sharing, electrical cars, bicycles and other non-motorised transport) and promote better interaction with various transport modes. SNCF transferred its Effia shares (excluding Effia Services) to Groupe Keolis SAS, the Keolis holding company. SNCF held 56.7% of the Groupe Keolis SAS capital at the end of the transaction.

This merger was finalised on 4 February 2010 after having obtained authorisation from the European Commission. Taking into account the potential voting rights that could be immediately exercised by the Group as of the transaction date and pursuant to IAS 27 revised, the Group was able to fully consolidate the Keolis group as of 4 February 2010. The interest was previously equity accounted. The impacts of the combination are described in *Note 3.2.*

2-4 Creation and joint takeover of Eurostar International Limited ("EIL")

On 31 July 2009, SNCF, LCR and SNCB signed a Memorandum of Understanding under which the three partners agree to create an independent entity, Eurostar International Limited (EIL), with a single management team controlled by the shareholders. Incorporated under British law, EIL was effectively created on 1 September 2010 following in-kind or cash contributions from each party, as required for EIL's activity, in return for a stake in the company's share capital.

The contributions of each partner were valued according to formal business plans per entity, as prepared by EIL management. These plans included the creation of added value

for each entity, in relation to cost and revenue synergies planned by management. SNCF therefore holds a 55% stake in EIL, while LCR and SNCB hold 40% and 5%, respectively.

Pursuant to the terms of governance, EIL was proportionately consolidated *(see Note 1.2)*.

The impacts of this joint takeover on the consolidated financial statements are described in *Note 3.3*.

2-5 Trains d'équilibre du territoire Agreement

On 4 November in Troyes, the French State and SNCF announced an agreement on the Trains d'équilibre du territoire (balancing of regional train service). The agreement signed on 13 December 2010 covers the Intercités, Téoz and Lunéa trains, with the exception of special trains and auto-trains. The French State will become the SNCF transport organising authority for these trains and will specifically define the public service obligations of SNCF. The agreement, which enters into force on 1 January 2011, provides for an annual contribution of €210 million from the French State, to be funded by a motorway toll tax, a regional solidarity contribution borne by passenger transport rail companies and the tax on rail company profits *(see Note 1.1.2.4)*. Under the new agreement, impairment losses on the cash-generating units concerned may be reversed in the 2010 consolidated financial statements. The testing calculation methods and impacts are described in *Notes 8* and *28*.

2-6 Classification of SeaFrance in held-for-sale activities

At the end of September 2010, the Group subsidiary, SNCF Participations, announced the planned sale of its subsidiary SeaFrance, specialising in cross-Channel freight between France and the UK. At the closing date, SNCF had not received an attractive and acceptable firm offer from a buyer. With the Brussels authorisation for the allocation of €50 million in aid to SeaFrance expiring on 18 February 2011, and SeaFrance being unable to repay this amount on this date, SNCF initiated a process in order to provide SeaFrance with the financial means to continue its operations. In parallel, the search for a buyer continues. SeaFrance has been under the protection of the Trade Courts through collective proceedings since 28 April 2010, with the period of observation expiring on 28 April 2011. The financial figures for this subsidiary have been reclassified under "Net profit/(loss) from discontinued operations" in the income statement and the headings "Assets classified as held for sale" and "Liabilities relating to assets classified as held for sale" in the 2010 balance sheet. They are described in *Note 23*.

3 GROUP STRUCTURE OPERATIONS

The Group has opted for the partial goodwill method for business combinations that took place in fiscal year 2010, which is to say that only the goodwill attributable to the Group is recorded, with non-controlling interests (minority interests) being excluded.

3-1 Full takeover of Ermewa

This transaction was finalised on 2 February 2010 upon the authorisation of the European Commission. The fair value of the identifiable assets and liabilities of entities acquired at the date of acquisition is as follows:

	Fair value recognised on the date of acquisition
Intangible assets	173
Property, plant and equipment	717
Non-current financial assets	5
Investments in associates	2
Deferred tax assets	0
Non-current assets	*898*
Inventories and work-in-progress	7
Operating receivables	106
Current financial assets	0
Cash and cash equivalents	49
Current assets	*162*
Assets classified as held for sale	21
Total assets	**1,080**
Non-current employee benefits	4
Non-current provisions	0
Non-current financial liabilities	580
Deferred tax liabilities	168
Non-current liabilities	*752*
Current employee benefits	3
Current provisions	0
Operating payables	74
Current financial liabilities	46
Current liabilities	*123*
Liabilities directly associated with assets classified as held for sale	14
Total equity and liabilities	**889**
Net assets at 100%	**191**
Share in fair value of net asset acquired (100%)	**191**
Goodwill	245
Cost of combination	**436**

The goodwill arising from the transaction corresponds to the expected synergies.

The receivables acquired are essentially operating receivables. The fair value closely approximates their nominal value. The losses expected on the receivables acquired are of little significance.

The cost of the combination includes the amount of the transaction for €261 million and the fair value of the previously held share for €175 million.

Fair value of previously held share	175
Consideration transferred	261
Of which paid in cash	*-261*
Net cash acquired with subsidiaries	21
Net cash flow	**-240**

The fair value remeasurement of the share previously held in Ermewa generated a €145 million impact in the income statement under the heading "Positive impacts of Groups structure operations."

Acquisition costs relating to the operation amounted to €2 million and were recorded in purchases and external charges in the income statement.

Given the ongoing consolidation operations, Ermewa has contributed to net profit attributable to equity holders of the parent for the negative amount of €8 million since 2 February 2010. The entity's contribution was affected by unfavourable foreign exchange impacts and prior unwinding costs for the LBO due to the takeover. Following the sale of the interest in TMF (cereal freight forwarders) *(see Note 2.2)*, the acquisition contributed to a revenue increase for €105 million. Because of the acquisition date, there would have been little material difference in net profit attributable to equity holders of the parent and revenue had the acquisition taken place on 1 January 2010.

The combination's recognition remains provisional. The deadline for allocating the acquisition cost is 2 February 2011 according to IFRS 3 revised on business combinations.

3-2 Merger between Keolis and EFFIA

The entire Keolis group was acquired on 4 February 2010. The fair value of the identifiable assets and liabilities of the Keolis entities acquired at the date of acquisition is as follows:

	Fair value recognised on the date of acquisition
Intangible assets	613
Property, plant and equipment	451
Non-current financial assets	30
Investments in associates	2
Deferred tax assets	32
Non-current assets	*1,128*
Inventories and work-in-progress	59
Operating receivables	582
Curent financial assets	31
Cash and cash equivalents	351
Current assets	*1,023*
Total assets	**2,151**
Non-current employee benefits	76
Non-current provisions	43
Non-current financial liabilities	655
Deferred tax liabilities	193
Non-current liabilities	*966*
Current employee benefits	3
Current provisions	44
Operating payables	1,088
Current financial liabilities	183
Current liabilities	*1,318*
Total equity and liabilities	2,284
Net assets at 100%	**-133**
Share in fair value of net asset acquired (56.7%)	**-75**
Goodwill	410
Cost of combination	**334**

The goodwill arising from the transaction corresponds to the expected synergies.

The receivables acquired are essentially operating receivables. The fair value closely approximates their nominal value. The losses expected on the receivables acquired are of little significance.

The cost of the combination comprises the fair value of the previously held share for €228 million plus the consideration transferred for €106 million. This consideration represents the share of the fair value of the entire EFFIA group transferred to Keolis at the time of the merger.

Fair value of previously held share	228
Consideration transferred	106
Of which paid in cash	*0*
Net cash acquired with subsidiaries	248
Net cash flow	**248**

The acquisition entailed the fair value remeasurement of the previously held share in Keolis, and the reversal of previously cancelled internal profits. These items had a positive net impact of €167 million under the heading "Positive impacts of Groups structure operations."

The SNCF Group has irrevocably granted a purchase undertaking to other Keolis shareholders for their Keolis stake (put options), which can be exercised as of 20 April 2012. These purchase commitments were recorded in borrowings based on the best estimate of the price payable should the put options be exercised. This borrowing is offset through a reduction of the full net carrying amount of the Keolis group non-controlling interests, the amount exceeding this value being allocated to equity attributable to equity holders of the parent, for a negative impact of €417 million.

The contribution of the EFFIA shares to Groupe Keolis SAS had an impact on the Group's non-controlling interests in EFFIA that was recorded in equity pursuant to IAS 27 revised.

Acquisition costs relating to the transaction amounted to €7 million and were recorded in purchases and external charges in the income statement for €2 million over 2010 and €5 million over 2009.

Given the ongoing consolidation operations, Keolis has contributed to net profit attributable to equity holders of the parent for €16 million since 4 February 2010. The acquisition contributed to the revenue increase for €3.7 billion. Because of the acquisition date, there would have been little material difference in net profit attributable to equity holders of the parent and revenue had the acquisition taken place on 1 January 2010.

The combination's recognition remains provisional. The deadline for allocating the acquisition cost is 4 February 2011 according to IFRS 3 revised on business combinations.

3-3 Creation and joint takeover of EIL

The effective creation and joint takeover of the entity "Eurostar International Limited" (EIL) took place on 1 September 2010 *(see Note 2.4)*. The fair value of the assets acquired and liabilities assumed with respect to the British and Belgian partners is as follows:

	Fair value recognised on the date of acquisition
Intangible assets	97
Property, plant and equipment	437
Non-current financial assets	47
Investments in associates	0
Deferred tax assets	39
Non-current assets	*620*
Inventories and work-in-progress	45
Operating receivables	164
Current financial assets	0
Cash and cash equivalents	82
Current assets	*292*
Total assets	**911**
Non-current employee benefits	57
Non-current provisions	0
Non-current financial liabilities	13
Deferred tax liabilities	0
Non-current liabilities	*70*
Current employee benefits	0
Current provisions	-3
Operating payables	112
Current financial liabilities	49
Current liabilities	*158*
Total equity and liabilities	228
Net assets at 100%	**683**
Share in fair value of net asset acquired (55%)	**376**
Goodwill	-57
Cost of combination	**319**

The transaction generated negative goodwill of €57 million, immediately recorded in income statement revenue under the heading "Positive impacts of Group structure operations."

The receivables acquired are essentially operating receivables. The fair value closely approximates their nominal value. The losses expected on the receivables acquired are of little significance.

The cost of the combination comprises the fair value share of the previously held assets and liabilities of the Eurostar activity transferred by SNCF to the British and Belgian partners (45%).

Consideration transferred	319
Of which paid in cash	*-31*
Net cash acquired with subsidiaries	44
Net cash flow	**12**

Net cash and cash equivalents corresponds to the cash contributed by the LCR and SNCB partners as part of the operations net of the share of cash transferred to the partners by the Group. The consideration transferred consists in the assets and liabilities of the SNCF Group contributed directly to the EIL joint venture. Pursuant to SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers, a capital gain was recognised under the heading "Positive impacts of Group structure operations" for €216 million. The gain represents the difference between the fair value share of the assets and liabilities received and the share in the net carrying amount of the assets and liabilities transferred to partners. The latter continue to be recorded at their historical value in the consolidated financial statements but in the amount of the Group's percentage interest in EIL rather than the previous 100%.

The SNCF Group has irrevocably granted a purchase undertaking to the LCR and SNCB partners for their interest in EIL (put options) which can be exercised subject to certain conditions. The purchase commitments granted are indicated in the Note covering off-balance sheet commitments *(see Note 32)*.

Acquisition costs relating to the operation amounted to €8 million for 2010 and €9 million for 2009 and were recorded in purchases and external charges in the income statement.

Given the ongoing consolidation operations, EIL has contributed to net profit attributable to equity holders of the parent for the negative amount of €1 million since 1 September 2010.

The operation's recognition remains provisional. The deadline for allocating the acquisition cost is 1 September 2011.

4 ACCOUNTING POLICIES

4-1 Basis of consolidation

4-1-1 Entities controlled or under significant influence

Controlled companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

Control is presumed to exist where the Group holds 50% or more of the voting rights in an entity (total of existing voting rights and potential voting rights which are immediately exercisable) or where the Group can:

– control over half the voting rights pursuant to an agreement with other investors;

– manage the financial and operating policy of the entity pursuant to a contract;

– appoint or dismiss the majority of the members of the board of directors or an equivalent management body;

– control the majority of the voting rights at meetings of the board of directors or an equivalent management body.

The profit or loss of subsidiaries is divided between the Group and the non-controlling interests based on their percentage interest even if this results in the recording of negative non-controlling interests.

Companies over which the Group exercises joint control are proportionately consolidated, in accordance with the percentage interest held by the Group. Joint control is the sharing of control over an entity operated jointly by a limited number of partners or shareholders, such that financing and operating policies are determined by mutual agreement.

Entities in which the Group exercises significant influence over financial and operating policies, but which it does not control, are equity accounted. Significant influence is presumed to exist where the Group holds an interest of 20% or more.

The results of companies acquired or disposed of during the financial year are included in the consolidated income statement of the Group from the date control is acquired or up to the date of transfer of control, respectively.

The financial statements of fully and proportionately consolidated companies and equity associates are restated to comply with Group accounting policies. All material transactions between consolidated companies and internal profits and losses are eliminated on consolidation.

The financial statements of the companies included in the scope of consolidation are drawn up to 31 December 2010.

The list of subsidiaries is presented in *Note 36*.

4-1-2 Low-rental housing companies (ESH)

The assessment of control exercised over low-rental housing companies (Entreprises Sociales pour l'Habitat or ESH) is a complex issue, that must be approached with pragmatism taking into account the constraints resulting from the extremely strict regulatory framework governing low-rental housing and the focus set by SNCF for its housing policy. It would appear that consolidation is not appropriate as:

– while SNCF exercises influence over certain aspects of management of the ESH, it cannot be qualified as a controlling influence;

– the SNCF Group's decision to own the four ESH concerned is primarily based on institutional and general interest arguments and not on financial and asset ownership considerations, whether direct or indirect.

Shares in the ESH companies are therefore retained in balance sheet assets and classified in available-for-sale financial assets. A specific disclosure is provided in *Note 10*.

4-1-3 SOFIAP

SNCF holds shares in a group of real-estate financing companies. Under the brand SOCRIF, the group comprises SNCF Habitat (a wholly owned public interest cooperative), Sofiap (a credit institution 49% held and controlled by Crédit Immobilier de France Développement) and Soprim (a wholly owned simplified joint stock company). SNCF Habitat and Soprim are not consolidated due to their very limited activity. In the absence of effective control, Sofiap is not consolidated. The year-end financial aggregates of this company were as follows:

– Non-current assets: €645 million (€650 million as at 31 December 2009)

– Non-current liabilities: €434 million (€489 million as at 31 December 2009)

4-2 Business combinations

4-2-1 General principles

Pursuant to the purchase method, the identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognised at their fair value at the acquisition date, except for assets classified as held for sale, which are measured at fair value less costs to sell.

Only identifiable liabilities meeting the recognition criteria of a liability or contingent liability in the acquired company are recognised at the acquisition date for the purpose of allocating the cost of the business combination. Therefore, a restructuring liability of the acquired company is only recognised for the purpose of allocating the business combination cost if, at the date of the acquisition, the acquired entity has a current obligation to perform this restructuring.

Adjustments to the fair value of assets and liabilities acquired as part of a business combination initially recognised based on provisional values (due to ongoing external valuation procedures or outstanding additional analyses), are recognised as retrospective adjustments to goodwill if they arise in the 12 months following the acquisition date. After this period, any adjustments are recognised directly in profit or loss unless they represent corrections of an error.

Purchases and disposals of non-controlling interests (minority interests) without a change in the level of control are allocated to equity.

4-2-2 Business combinations prior to 1 January 2010 (application of the former IFRS 3)

Non-controlling interests in the acquired company are measured at the proportion of the net fair value of assets and liabilities recognised.

The difference between the acquisition cost and the Group's interest in net assets acquired, at fair value, is recognised as goodwill. The acquisition costs include costs directly attributable to the acquisition.

For a step acquisition, the fair value remeasurement of the previously held acquisition is recorded in equity.

Additional considerations recorded at fair value at the acquisition date. Adjustments to additional considerations are offset in goodwill over an indefinite period.

4-2-3 Business combinations subsequent to 1 January 2010 (application of the former IFRS 3)

For non-controlling interests in the acquired company, the Group may choose between the partial and full goodwill methods for each combination.

– In the partial goodwill method only the portion of goodwill attributable to the Group is recorded in the balance sheet. Non-controlling interests in the acquired company are measured at the proportion of the net fair value of assets and liabilities recognised.

– In the full goodwill method goodwill is fully recognised. The portion attributable to non-controlling interests is included in the measurement of non-controlling interests, which are thus recorded at fair value.

Costs directly attributable to a business combination are no longer included in its cost, which is limited to the price paid to the vendor for the acquisition of the shares. These costs are expensed.

In the event of a step acquisition, the fair value remeasurement of the previously held equity interest is recognised in operating income after the gain or loss on disposal of assets.

Additional considerations are recognised at fair value on the date of acquisition. Adjustments of additional considerations are offset against goodwill, if and only if they occur during the allocation period and relate to new information on the existing situation on the date of control.

4-3 Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the period-end exchange rate method:

– balance sheet accounts are translated using exchange rates prevailing on the balance sheet date;

– income statement items are translated at the average annual rate of exchange;

– translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to Translation differences in consolidated equity.

Likewise, foreign exchange differences arising from the translation of receivables and payables that are part of the net investment in a foreign subsidiary are also recorded in Translation differences in consolidated equity. They are recorded in profit or loss upon removal of the net investment.

4-4 Translation of foreign currency transactions

Foreign currency-denominated transactions are translated by the subsidiary into its functional currency at the exchange rate prevailing at the transaction date.

Monetary items in the balance sheet are retranslated at the closing exchange rate at each balance sheet date, and the resulting translation differences are recorded in profit or loss or as a separate equity component if they relate to hedging transactions qualifying as net investment or cash flow hedges under IFRS.

4-5 Goodwill

Goodwill is determined as described in *Note 4.2.*

Goodwill is recognised at cost, less any accumulated impairment losses. Corrections or adjustments may be made to the fair value of assets and liabilities acquired during the 12 months following the acquisition, resulting in a retrospective correction of goodwill.

Goodwill is not amortised but is subject to impairment tests when there is an indication of impairment and at least once a year.

Negative goodwill is recognised immediately in operating profit.

Capital gains or losses on the disposal of an investment take into account the net carrying amount of the related goodwill

4-6 Intangible assets

Intangible assets primarily comprise the customer base, leasehold rights, licences and software and trade names acquired during business combinations. They are recorded at historical cost or, where necessary, at fair value on the date of acquisition if such assets are acquired in connection with a business combination.

Where an intangible asset has a finite life, it is amortised on a straight-line basis over its period of use, of between 1 and 5 years.

Where an intangible asset has an indefinite life, it is not amortised but is subject to impairment tests at least once a year.

Pursuant to IFRIC 12 on service concession arrangements, intangible assets are recognised as concessions when the Group, as operator, receives a right to charge users of the public service and is paid in substance by the user, the operator bearing a demand risk. The intangible asset is amortised over the term of the arrangement.

4-7 Property, plant and equipment

The property, plant and equipment of the Group include assets made available by the French State, assets owned outright and assets purchased under finance lease agreements.

The French Orientation Law on Domestic Transport (LOTI), partially recodified in the legislative section of the French Transport Code of 28 October 2010, lays down the terms of possession of assets entrusted to the SNCF Group.

On the creation of the industrial and commercial public institution SNCF on 1 January 1983, the real estate assets previously given under concession to the semi-public limited liability company which it succeeded were appropriated to it.

These assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet to enable an economic assessment of Group performance.

Subject to legal provisions applicable to infrastructures deemed of general interest or public utility, SNCF exercises full management powers over all real estate assets entrusted to it or purchased by it.

Real estate assets held by the public institution, no longer used in the performance of its activities or which are part of its private domain, may be allocated to another purpose or sold by the public institution for profit.

4-7-1 Owned assets

Property, plant and equipment owned outright are recorded in consolidated assets at acquisition cost. Internally produced assets are recorded at production cost. Property, plant and equipment acquired as part of a business combination are recorded at their fair value on entry into the consolidation scope.

The production cost of assets manufactured comprises the cost of raw materials and labour used to manufacture the assets, including that of purchased spare parts. Interest costs have been capitalised since 1 January 2009 pursuant to IAS 23 revised. Property, plant and equipment are not subject to periodic revaluation.

Maintenance and repair expenses are recognised as follows:

— Rolling stock:

– current maintenance expenses borne during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;

– expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated;

– overhauls performed at the end of the useful life of a component, together with refurbishment and transformation costs, are capitalised in assets where they extend the useful life;

— Fixed installations:

– current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recorded as operating expenses;

– expenses under multi-year major building maintenance programmes are capitalised via the partial or total replacement of each component concerned.

As with the dismantling obligations, asbestos removal obligations for rolling stock are offset against an increase in the value of the equipment in balance sheet assets *(see Note 4.19.1).*

Property, plant and equipment are depreciated over their estimated useful life mainly on a straight-line or declining balance basis over 4 years for IT equipment.

4-7-2 Depreciation periods

Property, plant and equipment are depreciated over the following periods:

Land development	**20 years**
Complex constructions (stations, administrative buildings, etc.)	
– Building shell	50 years
– Enclosure	25 years
– Light work	25 years
– Fixtures and fittings	15 years
– Technical work	15 years
Simple constructions (workshops, warehouses, etc.)	
– Building shell, light work, enclosure	30 years
– Fixtures and fittings	15 years
– Technical work	15 years
Plant and equipment	**5 to 20 years**
Cars	**5 years**
Rail transport equipment:	
– TGV:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
– Electric and diesel locomotives:	
Structure	30 years
Overhaul work	15 years
– Motorised carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
– Passenger carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	10 to 15 years
– Freight cars	30 years ± 20%
– Ships	25 years
Other property, plant and equipment	**3 to 5 years**

4-8 Impairment of goodwill, intangible assets and property, plant and equipment

The Group assesses whether there is an indication that an asset has been significantly impaired at each balance sheet date. Where there is such an indication, an impairment test is performed.

Goodwill and indefinite-life intangible assets are subject to an impairment test each year and whenever there is an indication of loss in value.

When performing impairment tests, goodwill is allocated to the Cash-Generating Unit (CGU) or group of CGUs that are expected to benefit from the synergies of the combination and representing the lowest level at which the goodwill is monitored for internal management purposes, regardless of whether other assets and liabilities of the acquired entity are allocated to these CGUs or groups of CGUs.

Property, plant and equipment and intangible assets are subject to impairment when events or circumstances during the period (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.), indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset or goodwill balance with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use. The recoverable amount of an asset is determined individually, unless the asset does not generate cash flows independent of those of other assets or groups of asset. In such cases, which encompass the majority of tangible and intangible assets of SNCF and goodwill balances, the Group determines the recoverable amount of the group of assets (cash-generating unit – CGU) to which the asset tested belongs.

The value in use corresponds to the value of the future economic benefits expected from the asset's use or removal. It is assessed based on discounted future cash flows determined according to economic assumptions and projected operating conditions adopted by SNCF management:

– cash flows are determined in business plans, drawn up for periods of 3 to 5 years and validated by the management bodies;

– beyond this timeframe, the flows are extrapolated by applying a long-term growth rate that is close to the long-term inflation rate expected by the Group in France, subject to the expected useful life of the assets tested or the indefinite life for goodwill and other indefinite-life intangible assets;

– flows are discounted at a rate appropriate to the activity sector.

Impairment losses recorded on goodwill cannot be reversed.

4-9 Assets and liabilities associated with assets classified as held for sale and discontinued operations

A discontinued operation represents a significant activity or geographical area for the Group that is the subject of a disposal or classification as an asset held for sale.

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations:

– non-current assets of controlled entities held for sale are presented on a separate line of the balance sheet at the lower of their net carrying amount and fair value less costs to sell. Any liabilities relating to these assets or operations are also presented separately in liabilities;

– the impact on profit or loss of the period of all discontinued operations is presented on a separate line of the income statement, after ordinary activities;

– the impact of discontinued operations on cash flows is presented in the notes to the financial statements.

4-10 Finance lease transactions

Leased assets are recorded as purchases financed by loan when the contract terms and conditions correspond to finance lease arrangements. Finance lease agreements are contracts whereby the lessor transfers to the lessee the right to use an asset for a given period in exchange for payment and the lessor transfers all benefits and risks inherent to ownership of the asset. The appraisal criteria applied to these agreements are based on the following:

– the agreement provides for the mandatory transfer of ownership at the end of the lease period;

– the agreement contains a purchase option and the conditions of this option are such that it is reasonably certain, at the conclusion of the lease, that ownership will be transferred;

– the lease term is for the major part of the estimated economic life of the leased asset;

– the present value of the minimum lease payment under the agreement is close to the fair value of the leased asset;

– the leased assets are of such a specific nature that only the lessee can use them without significant modification.

The assets concerned are recorded in assets at the lower of the discounted present value of the minimum lease payments and fair value and depreciated over the same period as equivalent assets owned outright or made available.

Lease agreements not having the characteristics of finance leases are recorded as operating leases and only the lease instalments are recorded in profit or loss.

4-10-1 Sale and lease-back transactions and equivalent

4-10-1-1 Sale and lease-back transactions

In the event of an asset sale coupled with a finance lease arrangement, the transaction is recorded in accordance with the above principles. Any capital gain realised on disposal is deferred and amortised over the lease term.

4-10-1-2 Other transactions

In addition, certain financial arrangements concern existing finance lease agreements. As the existing equipment financing structure is not altered and the proceeds of such transactions are definitively earned, they are recognised in finance costs on signature of the agreement *(see Note 32.1)*.

4-11 Financial assets

Financial assets include investments in companies that are neither controlled nor subject to significant influence, loans and financial receivables, guarantee deposits paid in respect of derivative instruments (cash collateral) and the fair value of derivative instruments.
"Standard" purchases are recorded at the settlement date.

Financial assets are presented in non-current assets, unless they mature in less than 12 months at the balance sheet date, in which case they are classified in current assets or cash equivalents as appropriate.

The fair value of listed financial instruments is determined by reference to the stock market price at the balance sheet date. It falls under Level 1 of the fair value hierarchy set forth in paragraph 27A of IFRS 7. The fair value of unlisted financial instruments for which there exists listed instruments of a similar nature and maturity, is determined by reference to the stock market price of such instruments. The fair value of other unlisted instruments is determined using valuation techniques such as the revalued net asset method, discounted cash flows or option valuation models. The models used take into account assumptions based on market data and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7, while the other models based on non observable market data fall under level 3 of the hierarchy.

4-11-1 Available-for-sale assets

Available-for-sale assets include Group investments in the share capital of unconsolidated companies that the Group does not hold for short-term profit and investments that do not qualify for inclusion in other asset categories.

Investments are measured at fair value unless this cannot be reliably determined, in which case they are retained in the balance sheet at acquisition cost. Fair value is determined based on the financial criteria most appropriate to the specific situation of each company. The most commonly adopted criteria are the market value or the share in equity held and the profitability outlook if the market value cannot be obtained.

Investments are measured at fair value using the market data, yield curves and credit spreads of each securities issuer. The measurement of these investments compared to the listing price when available.

Fair value gains and losses on available-for-sale assets are recorded in a specific account in other comprehensive income. Amounts recognised in equity are only transferred to profit or loss on disposal of the asset. In the event of a significant or extended fall in the fair value below the net carrying amount, an impairment loss is recognised. This is recorded in an impairment loss account through profit or loss and cannot be reversed if it concerns shares.

4-11-2 Assets at fair value through profit or loss (trading assets)

Trading assets consist of assets that the Group intends to sell in the near term in order to realise a capital gain and assets recorded in this category by designation.

In particular, SNCF Group cash balances are globally managed pursuant to a general market risk management framework approved by the Board of Directors and combining investments in negotiable debt instruments and French money market mutual funds (UCITS). Management performance is measured, in the same way as UCITS, by reference to EONIA (Euro Overnight Index Average). As UCITS are measured at net asset value, which takes into account portfolio fair value and in order to achieve overall consistency, investments with an initial maturity of more than three months are recorded in this category by designation.

Assets are valued at fair value at the balance sheet date and fair value gains and losses are recorded in finance costs.

Virtually all these investments are measured at fair value using market data, which falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-11-3 Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value. In particular, investments in French mutual funds (SICAV) and monetary funds with marginal sensitivity are classified in this category and notably French mutual funds and monetary funds classified by the French Stock Market Authority (AMF) in the Euro monetary category or which have a sensitivity of less than 0.25 basis points.

For these securities, the fair value adopted is the UCITS net asset value. It falls under Level 1 of the fair value hierarchy set forth in paragraph 27A of IFRS 7. However, given their year-end residual term, other investments are recorded at their nominal value.

Current bank facilities classified in current financial liabilities are included in cash and cash equivalents in the Statement of Cash Flows.

4-11-4 Loans and receivables issued

This heading includes the RFF receivable, the Public Debt Fund receivable, employee-profit sharing receivables, "construction assistance" loans and other loans and guarantee deposits (including cash collateral assets), as well as financial assets relating to concession arrangements (IFRIC 12). These financial instruments are initially valued at fair value and then subsequently at amortised cost based on the effective interest rate (EIR).

These instruments are presented in non-current assets, except for assets maturing in less than 12 months at the balance sheet date, which are recorded in current assets.

In the event of an objective indication of impairment of financial assets, which is to say a long-term and material decline in an asset's value, an impairment loss is recognised through profit or loss. An objective indication arises from the Group's knowledge of the debtor's financial difficulties (payment default, liquidation, etc.).

4-11-4-1 Réseau Ferré de France receivable
In the law of 13 February 1997 that led to the creation of Réseau Ferré de France (RFF), Article 7 provides for the transfer of a €20.5 billion liability to Réseau Ferré de France in consideration of the transfer of infrastructure assets as at 1 January 1997.

This transfer resulted in the recognition of an RFF receivable in the SNCF Group's assets, with no change in liabilities.

The RFF receivable was constructed line by line so as to present a maturity, currency and interest rate structure identical in all respects to that of the Company's liability, which totalled €30.3 billion as at 31 December 1996, after swap contracts.

The 1996 year-end exchange rate was the initial rate used for the foreign currencies included in the receivable.

Deferred income and expenses corresponding to issue premiums and costs or swap contract income or expenses were also transferred, resulting in a cash payment. This payment was recognised in the SNCF Group financial statements as deferred income, which is released to the income statement according to the maturities of the corresponding transactions.

The RFF receivable is embodied in an agreement signed by the two companies.

The receivable is recorded at amortised cost and, where appropriate, is subject to fair value or cash flow hedge accounting.

In the case of a fair value hedge, the corresponding items are measured at fair value using market data. The fair value falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-11-4-2 Public debt fund receivable
In accordance with the corporate plan (contrat de plan) signed by the French State and SNCF in 1990, a Special Debt Account was set up on 1 January 1991 in order to isolate a portion of SNCF's debt.

On the preparation of SNCF's opening IFRS balance sheet as at 1 January 2006, the debt from the Special Debt Account was transferred to the SNCF balance sheet. At the same time, confirmation of the French State's commitment to contribute to the amortisation and servicing of the debt led to the recognition of a receivable in respect of expected payments from the French State.

The following transactions were performed in December 2007, in order to find a long-term and definitive solution to the future of these commitments and the financing of Special Debt Account debts:

1. On 31 December 2007, on the entry into effect of the 2007 amended Finance Act and in accordance with Article 82 of this Act, mirror contracts were set-up between SNCF and the Public Debt Fund:

– signature of a loan agreement between SNCF and the Public Debt Fund, exactly reflecting the amount of the Special Debt Account debt and its financial terms and conditions and also covering the related derivates;

– simultaneous signature of a mirror agreement, under which the Public Debt Fund provides an identical loan to SNCF under the same terms and conditions.

On completion of these transactions, SNCF held both a receivable and payable vis-à-vis the Public Debt Fund of the same amount and repayable pursuant to identical terms and conditions, which reflect commitments to third-parties ring-fenced in the Special Debt Account.

2. Following implementation of these mirror contracts, the French State, as authorised by Article 82 of the 2007 amended Finance Act and pursuant to the Order of 28 December 2007, replaced SNCF with regard to the repayment of SNCF's debt to the Public Debt Fund.

3. Due to the transfer of this commitment to the French State and the change in related debtor, SNCF is now free of all obligations pursuant to the aforementioned contract with the Public Debt Fund.

In return, the financial commitments of the French State under the Special Debt Account as at 1 January 2006 were cleared.

The Special Debt Account was closed on completion of these transactions. As a result, SNCF:

– remains indebted towards holders of securities with the banking counterparties of forward financial instruments (foreign currency and interest rate swaps) it has contracted;

– holds a receivable on the Public Debt Fund exactly reflecting the amount of the Special Debt Account debt and its terms and conditions and also covering the related derivates.

The method of accounting for the receivable is unchanged in relation to the method that had been adopted for the recognition of a receivable in respect of expected payments from the French State in the opening IFRS balance sheet as at 1 January 2006, namely:

– the receivable is initially recorded, at the transfer date, at the fair value of debts transferred and subsequently at amortised cost;

– derivative instruments relating to the receivable are recorded at fair value, with gains and losses on remeasurement recognised in profit or loss.

4-11-4-3 Financial assets relating to concession arrangements (IFRIC 12)

Pursuant to IFRIC 12 Service Concession Arrangements, a financial asset is recognised when the Group, the operator, has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of guarantees given by the grantor on the revenue from users of the public service. The consideration is independent of the users' use of the infrastructure. Investment grants are classified as a repayment clause of the operating financial asset. The Group has opted to categorise these financial assets in loans and receivables pursuant to IAS 39 and to record them at amortised cost calculated using the effective interest rate.

4-12 Inventory

Inventories are valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.

Cost price is calculated using the weighted average cost method.

Inventories are written-down based on the turnover, nature, age and useful life of items.

4-13 Operating receivables

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material. Impairment is recognised when there is a potential risk of non-recovery. This impairment is determined based on an individual or statistical appraisal of non-recovery risk using historical data.

4-14 Share-based payments

Certain subsidiaries grant shares or share subscription options to employees.

Pursuant to IFRS 2, Share-Based Payment, share subscription and purchase option plans, share offers reserved for employees and the grant of free shares in subsidiaries to Group employees are valued at the grant date.

The Group uses the Black & Scholes model for valuation purposes.

The fair value of services received in return for the grant of these options is assessed based on the fair value of such options at the grant date and the number of options expected to be exercised at the end of the vesting period.

The total fair value so determined is recognised on a straight-line basis over the vesting period of the plan concerned.

This value is recorded in Employee benefits expense, via a charge recorded directly in equity for equity-settled plans and in employee-related liabilities for cash-settled plans.

4-15 Financial liabilities

Financial liabilities include borrowings, other financing and bank overdrafts, guarantee deposits received in respect of derivative instruments (cash collateral liabilities) and the negative fair value of derivative instruments.

These instruments are included in non-current liabilities, except for liabilities maturing in less than 12 months at the balance sheet date, which are recorded in current liabilities.

Borrowings and other financial liabilities are initially measured at fair value plus transaction costs and subsequently at amortised cost determined using the effective interest rate.

Certain borrowings are subject to fair value or cash flow hedge accounting. In addition, certain borrowings with detachable embedded derivatives recorded using hedge accounting are recorded at fair value ("fair value" option). Fair value gains and losses are recorded in finance costs.

The option to record liabilities at fair value through profit or loss is used when the liabilities in question comprise an embedded derivative significantly modifying the cash flows which would otherwise result from the contract or where the Group is unable to value the embedded derivative separately. This option only concerns liabilities of the SNCF, an Industrial and Commercial Public Institution. The Group considers that exposure to own credit risk does not give rise to any change in value.

The fair value of financial liabilities is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-16 Derivative instruments and hedge accounting

Derivative instruments traded by the Group to manage currency, interest rate and commodity risks are recorded in the balance sheet at their fair value at the balance sheet date.

4-16-1 General case

Derivative instruments are initially measured at fair value and are remeasured to fair value at subsequent reporting dates.

Fair value is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

Changes in the fair value of derivative financial instruments that are not associated with operations and not part of a designated hedging relationship as defined by IAS 39 are recorded in profit or loss in finance costs.

4-16-2 Cash flow hedges

The Group trades on the derivatives market to hedge floating-rate receivables and payables and receipts and payments relating to its commercial activities.

When IAS 39 criteria are met, the derivative instruments are designated as hedges and fair value gains and losses are recorded directly in a specific account in other comprehensive income, except for the ineffective portion of the hedge, which is recorded in profit or loss. When the hedged flows impact profit or loss, the amounts deferred in other comprehensive income are released to profit or loss to match the flows of the hedged item.

4-16-3 Fair value hedge

The Group also uses derivative instruments to hedge the fair value of fixed-rate receivables and payables denominated in euro and foreign currencies.

When IAS 39 criteria are met, the derivative instruments are designated as fair value hedges and:

– fair value gains and losses arising on the derivative are recorded in profit or loss for the period;

– the hedged item is remeasured to fair value at the balance sheet date, for the hedged portion of the risk, through profit or loss.

As such, fair value gains and losses on the derivative and the hedged item cancel out in profit or loss, except for the ineffective potion of the hedge.

4-17 Investment grants

The Group receives investment grants in the form of third-party asset financing, primarily from regional authorities.

Investment grants are deducted from the related assets (intangible assets, property, plant and equipment and concession financial assets). Grants relating to intangible assets and property, plant and equipment are recorded in operating profit (decrease in depreciation and amortisation) based on the estimated useful life of the related assets. Investment grants relating to concession financial assets are classified as a repayment clause of the operating financial asset.

4-18 Deferred Tax

The Group recognises, for each tax entity, deferred tax on all timing differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred tax is recorded using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the timing differences are expected to reverse.

Deferred tax assets in respect of timing differences and tax losses or credits carried forward are recognised when recovery is deemed probable. The Group's ability to recover these tax assets is assessed through an analysis of its business plan and the uncertainties presented by the economy and Group markets.

A deferred tax liability is recognised in respect of investments in subsidiaries, joint ventures and equity associates, on all timing differences between the book and tax values of shares, unless:

– the Group controls the date at which the timing difference will reverse (e.g. through a dividend distribution or the sale of an investment); and

– it is probable that this difference will not reverse in the foreseeable future.

Therefore, a deferred tax liability is only recognised in respect of wholly or proportionately consolidated companies in the amount of any withholding tax due on dividend distributions planned by the Group.

A deferred tax asset is only recognised to the extent that it is probable that:

– the temporary difference will reverse in the foreseeable future;

– and taxable profits will exist against which this temporary difference can be offset.

Deferred tax assets and liabilities are not discounted and are recorded in non-current items.

4-19 Provisions

Provisions are recorded when, at the balance sheet date, the Group has a present obligation to a third party as a result of a past event and the settlement of this obligation will require an outflow of company resources.

This obligation may be legal, regulatory or contractual and may result from Group practice or external commitments that create valid expectations in third parties that the Group will assume certain responsibilities.

The estimated amount of the provision reflects the outflow of resources that is likely to be necessary to settle the Group's obligation. If a reliable estimate of this amount cannot be made, a provision is not recorded and disclosure is provided in the notes to the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or a probable obligation where it is not probable that an outflow of resources will be required. Except for contingent liabilities recognised as part of a business combination, contingent liabilities are not recorded. Disclosure is provided in the notes to the financial statements.

Provisions are discounted where the impact of discounting is material.

4-19-1 Provisions for environmental risks

The Group provides for environmental risks when the realisation of the risk is deemed probable. This provision covers the costs of environmental protection and site restoration and clean-up. It specifically includes a contingency provision for asbestos lawsuits filed against the Group.

SNCF Group has set up an environmental management team in response to the enactment in French law of Directive 2004/35 of 21 April 2004 regarding so-called "polluter-payer" environmental liability. One of the team's objectives is to shed light on the impacts with respect to the Group's activities, primarily in terms of storage and distribution installations for fuel, water disposal, waste, etc. The related assessments are recorded on their completion. The impacts are presented in *Note 18.*

The Group classifies its rolling stock asbestos removal obligations as provisions for dismantlement. Any increase in the provision is offset by an increase in the value of the equipment on the balance sheet for equipment not fully depreciated and in profit or loss for equipment at the end of its useful life. An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The cost of dismantlement is amortised over the asset's remaining useful life. Should there be a decrease in the estimated probable outflow of resources, the provision is reversed against the corresponding asset in the balance sheet and in profit or loss for the portion exceeding the net carrying amount of this asset. The provision is gradually extinguished in profit or loss as the asbestos removal is completed.

4-19-2 Provisions for disputes and litigation

The Group is involved in a certain number of disputes and litigation arising in the normal course of its activities and notably:

– performance bonds received from companies supplying construction work;

– guarantees granted to clients in the freight transportation sector covering incidents arising during transport.

Such disputes and litigation are provided based on an assessment of the related risk.

Up to and including 1999, SNCF self-insured the majority of risks associated with its activities. In 2000, SNCF took out a number of insurance policies providing coverage beyond an initial level covered by self-insurance.

4-19-3 Restructuring provisions

The cost of restructuring measures is provided in full in the year in when such measures are decided, in principle, and announced in sufficient detail prior to the period-end closing in order to create an expectation that they will be implemented. Restructuring costs primarily consist of employee departure costs and the cost of writing off non-current assets, inventory and other assets.

4-19-4 Provisions for onerous contracts

Provisions are recognised for long-term contracts when they become onerous, which is to say when the inevitable costs required to satisfy the contractual obligations exceed the future economic benefits expected from these contracts. Provisions are valued based on inevitable costs, which reflect the net contract exit cost, which is to say the lower of the contract performance cost or any other compensation or penalty arising from failure of performance.

4-20 Employee benefits

In accordance with the laws and practices in the countries in which it operates, the Group participates in pension, early retirement, retirement benefit and health insurance schemes for retirees.

In France, the main employee benefit schemes are the special regime for employees with SNCF qualifying status *(see Note 17 for detailed specifications)* and, for subsidiaries, retirement

termination payments and long-service awards. Outside France, the main companies offering defined-benefit schemes are the United Kingdom, Italy, Germany and the Netherlands.

For the basic schemes and other defined-contribution schemes, the Group expenses contributions payable when they are due. No provisions are recognised as the Group does not have any obligation beyond the contributions paid.

In the case of defined-benefit schemes, when benefits are covered by third parties (insurance contracts, provident organisations unrelated to the Group) and the Group has no legal or implicit obligation to cover any losses relating to past services over the period or prior periods, no obligation is recognised and the insurance/provident premiums paid are recognised as payments to a defined contribution scheme, the obligation to provide benefits to employees being the sole responsibility of the third party organisation. In the other cases, the obligations are subject to actuarial valuations and provisions are recorded on the balance sheet upon vesting of benefit rights by employees.

The actuarial liability (or present value of the obligation with respect to defined benefits) enabling the recognition of obligations is determined according to the projected unit credit actuarial method, which stipulates that each period of service gives rise to an additional unit of benefit and measures each unit separately to determine the final obligation. These calculations include assumptions concerning the discount rate, mortality, employee turnover and expected future salary levels.

The so-called "corridor" method is applied to determine the provision to be recognised with respect to post-employment benefit schemes. Hence, the amount of actuarial gains and losses exceeding 10% of the greater of the present value of the defined benefits obligation and the fair value of plan assets is adopted for recognition. The portion recognised equals this amount divided by the expected average remaining working lives of participating employees.

The portion of the net charge corresponding to service costs and past service costs amortised is recorded in operating profit, while the portion corresponding to reverse discounting (net of the expected return on plan assets, if any) and the amortisation of actuarial gains and losses is recorded in finance costs.

Past service costs are expensed on a straight-line basis over the average remaining vesting period of rights, unless such rights are immediately vested, in which the case past service costs are immediately recorded in profit or loss.

For other long-term defined benefit schemes (long-service awards, unemployment, salary maintenance, gradual cessation of activity, etc.), actuarial gains and losses and any past service costs are immediately and fully recognised in profit or loss.

4-21 Revenue recognition

4-21-1 Transport activities (passengers, freight)

Revenue is recognised based on the effective transportation of passengers and freight.

Revenue recognised in the systems on the issue of a passenger transport ticket is adjusted at the period-end for tickets issued but not used, which are recorded in "Deferred income" under "Operating payables."

Pursuant to IFRIC 13, customer loyalty programmes are measured and recognised at the fair value of the unused point's consideration in "Deferred income" under "Operating payables," with an offsetting decrease in revenue. This deferred income is transferred through profit or loss under the "Revenue" heading as and when the loyalty points are used by customers.

4-21-2 Contributions of the French State and Organising Authorities

These contributions comprise price subsidies covering socially motivated prices introduced by the French State and contributions remunerating global services within a contractual framework or specific services.

4-21-3 Engineering and contracting services performed by the Group

Sub-contracting and project management work performed by the Group over a number of periods is recognised based on contractual data and the economic stage of completion.

4-21-4 Maintenance

Maintenance income and income from the operation of the rail network is recognised in accordance with the multi-year contract negotiated with the network owner.

4-22 Segment reporting

4-22-1 Determination of sectors presented

Up until 31 December 2009, the SNCF Group's activity was structured according to four divisions supported by common support functions. These divisions sell separate products and services or cover different customer segments. This Group breakdown is used for management purposes and is a component of internal reporting:

– SNCF Infra division: delegated management of the infrastructure for RFF (network maintenance, projects and operation) and engineering (rail infrastructure research and design in France and globally);

– SNCF Proximités division: local transport activities of the Group encompassing medium-distance links (Intercités), rail transport regulated services (TER, Transilien, etc.), city and intercity (Keolis) and complementary services (Effia);

– SNCF Voyages division: passenger rail transport, distribution and station management activities (TGV, Corail, Europe, etc.);

– SNCF Geodis division: a full range of transport and freight logistics activities. These activities are differentiated between a Global Offering (logistics, freight forwarding), rail freight fleet management and freight rail transport.

As of 1 January 2010, stations are managed in a separate division in the same manner as the four other divisions. A fifth division, comprising an operating segment called "Gares & Connexions" (Stations and Staging Points), thus saw the light of day on 1 January 2010. Segment reporting necessary for the presentation of prior data using the same segment bases is unavailable *(see Note 2.1)*. The results for fiscal year 2010 are presented according to the new structure, whereas the results for fiscal year 2009 are presented using the former structure.

The common support functions (Common Operations and Investments) include the holding company activities of SNCF Participations and the service provider activities of SNCF Group (Traction, Equipment and Transversal services) and certain operating subsidiaries.

4-22-2 Segment indicators

The Group presents the following balance sheet and income statement indicators by business:

– Total segment assets comprising goodwill, intangible assets and property, plant and equipment net of investment grants, and operating assets;

– Internal and external revenue with elimination of all inter-division transactions in an "inter-division" column for the presentation of the Group consolidated financial statements;

– Certain income statement analytical balances: gross profit, current operating profit and operating profit;

– Certain income statement line items: depreciation and amortisation, charge to / reversal of provisions, impairment losses.

The accounting methods adopted by each operating division are identical to those used in the preparation of the consolidated financial statements. The information presented for each division includes transactions between divisions.

4-23 Income statement analytical balances

SNCF Group has elected to present its income statement by nature. Several analytical balances are identified in order to provide users of the financial statements with information on the component items making up Group net profit.

4-23-1 Gross profit

Gross profit is equal to revenue plus incidental income, net of expenses directly relating to operating activities and primarily purchases, subcontracting costs, other external services, employee costs, taxes and duties other than income tax, asset disposals related to the activity, and miscellaneous other items. All charges to employee-related provisions and specifically, charges relating to employee commitments (excluding the finance cost), are included in "Employee benefits expense."

4-23-2 Current operating profit

In addition to gross profit, current operating profit includes the majority of non-cash items (depreciation and amortisation, impairment, etc.) and miscellaneous other items not directly attributable to another income statement account.

4-23-3 Operating profit

Transactions of an unusual nature, either due to their frequency or amount, are recorded separately below current operating profit. This presentation has been adopted in order to provide as reliable an overview as possible of the recurring performance of the Group.

The transactions concerned are limited in number and comprise:

- impairment losses;

- real estate disposals and asset disposals not directly related to the activity;

- disposals of subsidiaries not representing a discontinued operation as defined by IFRS 5;

- any impacts arising from changes in the scope of consolidation.

4-23-4 Finance costs

Finance costs presented by the Group reflect the impact of financing transactions. Finance costs comprise two components:

- net borrowing costs, consisting of interest paid on Group borrowings, proceeds from the RFF receivable and the Public Debt Fund receivable and interest received on available cash balances. These items are presented after hedging transactions and include fair value gains and losses on derivative instruments not meeting IFRS hedge accounting criteria;

- the finance cost of employee benefits, representing the reverse discounting of the provision for long-term post-employment benefits, net of interest relating to the expected return on plan assets.

5 GOODWILL

Movements in goodwill during 2010 break down as follows:

in € millions	Gross value	Impairment	Net value
As at 01/01/09	**654**	**-21**	**633**
Additions/increases	260	-	260
Impairment	0	0	0
Removals/decreases	-9	0	-9
Translation	0	0	0
Other charges in consolidation scope	2	0	2
As at 31/12/09	**907**	**-21**	**886**
As at 01/01/10	**907**	**-21**	**886**
Additions/increases	764	-2	762
Impairment	0	-54	-54
Removals/decreases	-12	1	-11
Translation	23	0	22
Other charges in consolidation scope	11	-10	2
As at 31/12/10	**1,694**	**-87**	**1,607**

Acquisitions for 2009 primarily concerned IBM Global Logistics (€191 million), Cooljet (€30 million) and Giraud Sidérurgie (€22.5 million).

Acquisitions for 2010 largely concerned business combinations described in *Note 3*.

The main goodwill balances recorded by the Group at the balance sheet date are as follows:

in € millions	31/12/10	31/12/09	Change
SNCF Infra	6	4	2
SNCF Proximités	410	0	410
SNCF Voyages	14	3	10
SNCF Geodis	1,174	875	299
of which Global Offering	*917*	*805*	*112*
of which Rail freight fleet management	*247*	*41*	*206*
of which Other rail companies	*10*	*29*	*-19*
Common Operations and Investments	3	3	0
Total	**1,607**	**886**	**721**

6 INTANGIBLE ASSETS

Group intangible assets mainly comprise purchased software licences, software developed in-house, leasehold rights, customer portfolios and trade names purchased at the time of acquisitions.

Movements in intangible assets during 2010 break down as follows:

in € millions	01/01/10	Acquisitions / Charges	Disposals/ Reversals	Change in consolidation scope	Other changes	31/12/10
Gross carrying amount						
Concessions, patents, software	636	116	-18	19	63	815
Other intangible assets	303	17	0	847	23	1,190
Intangible assets in progress	139	27	-2	11	-16	158
Total gross carrying amount	**1,078**	**160**	**-19**	**876**	**70**	**2,164**
Amortisation/impairment						
Concessions, patents, software	-387	-131	17	0	-40	-541
Other intangible assets	-61	-82	0	0	-26	-170
Intangible assets in progress	-24	0	1	0	0	-22
Total amortisation/impairment	**-472**	**-213**	**18**	**0**	**-66**	**-734**
Total net carrying amount	**605**	**-54**	**-1**	**876**	**3**	**1,430**

IFRIC 12 had little impact on intangible assets in 2010 and no impact in 2009.

The increase in other intangible assets essentially stems from the Ermewa and Keolis business combinations *(see Notes 3.1 and 3.2)*.

Acquisitions for 2010 include software developed in-house, either brought into service or under development, breaking down as follows:
– €75 million for the parent company;
– €8 million for Geodis.

Movements in intangible assets during 2009 break down as follows:

in € millions	01/01/09	Acquisitions / Charges	Disposals/ Reversals	Change in consolidation scope	Other changes	31/12/09
Gross carrying amount						
Concessions, patents, software	459	170	- 11	3	15	636
Other intangible assets	180	14	- 1	106	5	303
Intangible assets in progress	176	- 32	- 2	0	- 4	139
Total gross carrying amount	**815**	**152**	**- 14**	**109**	**16**	**1,078**
Amortisation/impairment						
Concessions, patents, software	- 276	- 125	18	- 3	- 1	- 387
Other intangible assets	- 42	- 21	0	0	1	- 61
Intangible assets in progress	- 1	- 16	3	0	- 9	- 24
Total amortisation/impairment	**- 319**	**- 162**	**21**	**- 3**	**- 9**	**- 472**
Total net carrying amount	**496**	**- 10**	**7**	**106**	**6**	**605**

The increase in other intangible assets in 2009 essentially stems from the allocation of the cost of the IBM Global Logistics combination (SCO).

Acquisitions for 2009 include software developed in-house, either brought into service or under development, breaking down as follows:
– €77 million for the parent company;
– €8 million for Geodis.

The increase in amortisation and provisions primarily reflects the amortisation charge for the period. Changes in value due to foreign currency translation are of little significance.

7 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during 2010 break down as follows:

in € millions	01/01/10	Acquisitions / Charges	Disposals/ Reversals	Change in consolidation scope	Other changes	31/12/10
Gross carrying amount						
Land	1,913	76	-14	55	-49	1,982
Buildings	8,461	271	-174	92	137	8,787
Industrial and technical plant	2,740	219	-83	41	-23	2,893
Transportation equipment	26,880	1,597	-373	1,013	-994	28,123
Rail equipment	*26,086*	*1,500*	*-286*	*687*	*-578*	*27,409*
Non rail equipment	*354*	*97*	*-87*	*326*	*24*	*714*
Maritime equipment	*440*	*0*	*0*	*0*	*-440*	*0*
Other property, plant and equipment	1,063	180	-70	69	23	1,265
Property, plant and equipment in progress	2,263	163	-7	29	334	2,782
Total gross carrying amount	**43,320**	**2,506**	**-720**	**1,298**	**-572**	**45,832**
Depreciation/provisions						
Land	-154	-32	2	0	0	-184
Buildings	-4,260	-331	150	0	2	-4,439
Industrial and technical plant	-1,834	-184	81	0	42	-1,895
Transportation equipment	-15,645	-1,386	703	0	103	-16,225
Rail equipment	*-15,240*	*-1,235*	*634*	*0*	*-111*	*-15,952*
Non rail equipment	*-230*	*-100*	*69*	*0*	*-11*	*-273*
Maritime equipment	*-175*	*-50*	*0*	*0*	*225*	*0*
Other property, plant and equipment	-738	-130	67	0	-27	-829
Property, plant and equipment in progress	-245	-47	26	0	90	-177
Total depreciation/provisions	**-22,877**	**-2,110**	**1,027**	**0**	**209**	**-23,750**
Total net carrying amount	**20,443**	**396**	**307**	**1,298**	**-362**	**22,082**
Investment grants	4,843	226	-2	90	-50	5,106
Total net carrying amount of grants	**15,600**	**170**	**309**	**1,208**	**-312**	**16,976**

Rolling stock falling under the scope of IFRIC 12 is no longer classified in property, plant and equipment.

Adoption of the interpretation in fiscal year 2010 had the following impacts for fiscal year 2010:

in € millions	01/01/10	Acquisitions / Charges	Disposals/ Reversals	Change in consolidation scope	Other changes	31/12/10
Gross carrying amount						
Buildings		-1	0	0	-1	-3
Industrial and technical plant		-1	0	0	0	-1
Transportation equipment	-1,973	-237	0	0	-451	-2,661
Rail equipment	*-1,973*	*-234*	*0*	*0*	*-449*	*-2,656*
Non rail equipment		*-3*	*0*	*0*	*-2*	*-4*
Other property, plant and equipment		-1	0	0	0	-1
Property, plant and equipment in progress	-781	0	0	0	452	-329
Total gross carrying amount	**-2,754**	**-240**	**0**	**0**	**0**	**-2,993**
Depreciation/provisions						
Buildings		3	0	0	0	3
Industrial and technical plant		0	0	0	0	0
Transportation equipment	123	112	0	0	0	234
Rail equipment	*123*	*108*	*0*	*0*	*0*	*231*
Non rail equipment		*4*	*0*	*0*	*0*	*4*
Other property, plant and equipment		1	0	0	0	1
Total depreciation/provisions	**123**	**115**	**0**	**0**	**0**	**238**
Total net carrying amount	**-2,631**	**-124**	**0**	**0**	**0**	**-2,755**
Investment grants	-2,631	-126	0	0	0	-2,757
Total net carrying amount of grants	**0**	**2**	**0**	**0**	**0**	**2**

7 Property, plant and equipment

Movements in property, plant and equipment during 2009 break down as follows:

in € millions	01/01/09	Additions / Charges	Disposals / Reversals	Changes in consolidation scope	Other changes	31/12/09
Gross carrying amount						
Land	1,827	141	-56	2	-1	1,913
Buildings	8,195	349	-184	10	92	8,461
Industrial and technical plant	2,518	242	-43	19	4	2,740
Transportation equipment	26,317	1,038	-365	55	-165	26,880
Rail equipment	*25,498*	*1,012*	*-306*	*54*	*-172*	*26,086*
Non rail equipment	*345*	*26*	*-25*	*1*	*7*	*354*
Maritime equipment	*474*	*0*	*-34*	*0*	*0*	*440*
Other property, plant and equipment	943	128	-31	3	20	1,063
Property, plant and equipment in progress	2,031	204	-8	0	36	2,263
Total gross carrying amount	**41,831**	**2,101**	**-687**	**89**	**-14**	**43,320**
Depreciation/provisions						
Land	-119	-37	2	0	0	-154
Buildings	-4,427	-312	169	-7	317	-4,260
Industrial and technical plant	-1,488	-231	87	-15	-188	-1,834
Transportation equipment	-14,386	-1,684	473	-38	-10	-15,645
Rail equipment	*-13,979*	*-1,637*	*420*	*-38*	*-6*	*-15,240*
Non rail equipment	*-214*	*-33*	*21*	*0*	*-4*	*-230*
Maritime equipment	*-192*	*-15*	*32*	*0*	*0*	*-175*
Other property, plant and equipment	-613	-118	41	-3	-45	-738
Property, plant and equipment in progress	-108	-120	41	2	-61	-245
Total depreciation/provisions	**-21,140**	**-2,502**	**813**	**-61**	**13**	**-22,877**
Total net carrying amount	**20,691**	**-400**	**126**	**27**	**-1**	**20,443**
Investment grants	4,909	331	-397	0	0	4,843
Total net carrying amount of grants	**15,783**	**-732**	**523**	**27**	**-1**	**15,600**

Assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet and amounted to €587 million (€592 million in 2009) for land and €719 million (€841 million in 2009) for buildings and upgrades.

A breakdown of depreciation charges and impairment losses recorded in the income statement is presented in *Notes 27* and *28*.

Rolling stock falling under the scope of IFRIC 12 is no longer classified in property, plant and equipment.

Adoption of the interpretation in fiscal year 2010 had the following impacts for fiscal year 2009:

in € millions	01/01/09	Additions / Charges	Disposals / Reversals	Changes in consolidation scope	Other changes	31/12/09
Gross carrying amount						
Transportation equipment	-771	-1,023	0	0	-179	-1,973
Rail equipment	*-771*	*-1,023*	*0*	*0*	*-179*	*-1,973*
Property, plant and equipment in progress	-960	0	0	0	179	-781
Total gross carrying amount	**-1,731**	**-1,023**	**0**	**0**	**1**	**-2,754**
Depreciation/provisions						
Transportation equipment	38	85	0	0	0	123
Rail equipment	*38*	*85*	*0*	*0*	*0*	*123*
Total depreciation/provisions	**38**	**85**	**0**	**0**	**0**	**123**
Total net carrying amount	**-1,693**	**-938**	**0**	**0**	**0**	**-2,631**
Investment grants	-1,693	-938	0	0	0	-2,631
Total net carrying amount of grants	**0**	**0**	**0**	**0**	**0**	**0**

Capital expenditure flows for 2009 and 2010 break down as follows:

in € millions	31/12/10	31/12/09
Intangible assets	-160	-152
Property, plant and equipment	-2,506	-2,102
Total acquisitions	**-2,666**	**-2,254**
inc. Fixed assets held as finance-leasing	*0*	*0*
Acquisitions excluding finance-leasing	**-2,665**	**-2,253**
Capital expenditure flows	-152	-65
Intangible assets and PP&E capital expenditure flows	**-2,817**	**-2,319**

Capital expenditure for 2010 primarily comprised:

– upgrades to stations and buildings and acquisitions (modernisation of the Grand Joncherolles technicentre, the GSMR communication system, work relating to the Gare de Lyon Yellow Platform and the Lyon TGV workshop) for a total of €729 million;

– the acquisition and renovation of rolling stock (Double-decker and Dasye TGVs, Francilien trains and Freight diesel locomotives) for a total of €1,319 million.

Capital expenditure for 2009 primarily comprised:

– upgrades to stations and buildings (modernisation of the Paris Nord Joncherolles maintenance and equipment facility, the GSMR communication system, work relating to the modernisation of the Pays de Loire industrial and equipment facility, work for the Bellegarde station, work for the TER workshop in Rennes) for a total of €732 million;

– the acquisition and renovation of rolling stock (Double-decker and Dasye TGVs, Francilien trains and Freight locomotives) for a total of €863 million.

Asset-financing grants received totalled €576 million (€246 million in 2009), including €414 million (€95 million in 2009) for rolling stock and €162 million (€151 million in 2009) for fixed installations.

Assets recorded in property, plant and equipment and held under finance lease agreements break down as follows:

in € millions	31/12/10 Gross carrying amount	Depreciation	Net carrying amount	31/12/2009 Gross carrying amount	Depreciation	Net carrying amount
Gross carrying amount						
Land	26	0	26	26	0	26
Buildings	478	-220	258	478	-201	277
Industrial and technical plant	34	-20	14	34	-19	15
Transportation equipment	4,872	-1,854	3,018	5,697	-2,850	2,846
Other property, plant and equipment	17	-13	4	7	-7	1
Property, plant and equipment in progress	2	0	2	5	0	5
Total	**5,429**	**-2,107**	**3,323**	**6,247**	**-3,077**	**3,171**

8 IMPAIRMENT TESTS

Asset impairment tests are performed on CGUs representing legal entities or defined based on the destination of the assets used.

The assets tested include goodwill, indefinite-life intangible assets and assets with a finite useful life where there is indication that the CGU has had a loss in value.

Pursuant to IAS 36 Impairment of Assets, CGUs with goodwill are tested at least once annually irrespective of whether there is any indication of impairment.
The impairments and reversals recorded in the financial statements as at 31 December 2010 and 2009, with respect to the tests conducted, had the following overall impact on net profit:

	SNCF Geodis - Rail freight/ Multimodal transport/Rail freight transport	SNCF Proximités Intercités	SNCF Voyages Standard rolling stock
Impact on net profit as at 31/12/2010	-231	+146	+210

	SNCF Infra - Maintenance and Engineering	SNCF Geodis	SNCF Proximités Intercités	SNCF Voyages Standard rolling stock
Impact on net profit as at 31/12/2009	-245	-711[1]	-33	-9

[1] *Non-recurring impairment losses*

8-1 CGUs with significant goodwill in relation to total goodwill

8-1-1 Global offering CGU

Of the total goodwill, €917 million (€805 million as at 31 December 2009) was allocated to the Global Offering cash-generating unit, which comprises all activities included in the multimodal and mixed solutions of the SNCF Geodis division. No material indefinite-life intangible assets were allocated to this CGU, which is tested for impairment at least once annually. The following assumptions were used to determine the recoverable amount:

	2010	2009
Segment	SNCF Geodis	SNCF Geodis
CGU	Global Offering	Global Offering
Assets tested	1,918	1,749
Base used for the recoverable amount	Value in use	Value in use
Source	5-year plan	3-year plan
Discount rate (minimum - maximum)	7.3% - 8.3%	7.3% - 8.3%
Growth rate	2.00%	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested asset. Sensitivity tests conducted on the discount (± 100 bp), organic growth and gross profit rates will likely support the analysis conducted.

8-1-2 Keolis/EFFIA CGU

Of the total goodwill, €410 million was allocated to the Keolis/EFFIA cash-generating unit, which comprises all activities included in the passenger multimodal transport solutions of the SNCF Proximités division. The indefinite-life intangible assets allocated to this CGU amounted to €116 million, primarily comprising trade names. The asset value of this CGU is justified by the market value determined in connection with the acquisition described in *Note 2.2.* The profit outlook is favourable in relation to the data used to value the companies and supports the market value adopted. No impairment was recognised for this CGU as at 31 December 2010.

8-1-3 Asset management CGU

Of the total goodwill, €247 million (€41 million as at 31 December 2009) was allocated to the asset management cash-generating unit, which comprises all activities included in the leasing of freight transport equipment (wagons, containers, etc.). The change stems from the 100% takeover of Ermewa *(see Note 2.2).* The asset value of this CGU is largely justified by the market value determined in connection with this takeover.

8-2 CGUs with indications of impairment or impairment reversal

8-2-1 CGUs as at 31 December 2010

The CGUs of Corail (including Elipsos) and Intercités were tested following indications of an impairment reversal following the signature of the Trains d'équilibre du territoire (TET) agreement on 13 December 2010 for a period of three years *(see Note 2.5).*

As the portion of the Trains d'équilibre du territoire financing assumed had a negative impact on the future cash flows of TGV France Europe (excluding Eurostar), the Group tested this CGU at the end of December 2010.

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2010:

Segment	SNCF Proximités	SNCF Voyages	SNCF Voyages
CGU	Inter cités	Standard rolling stock (Corail, Elipsos)	TGV France and Europe (excluding Eurostar)
PPE and intangible assets before impairment (at the year-end in millions of euros)	242	253	5,446
Base used for the recoverable amount	Value in use	Value in use	Value in use
Source	3-year TET agreement	3-year TET agreement	5-year amended plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.5%-7.2%	6.5%-7.2%	7.4%-8.4%
Growth rate	None	None	2.00%

The above asset amounts do not include grants. Assets for the Intercités and TGV France and Europe CGUs were subsidised for €67 million and €20 million, respectively.

No goodwill or indefinite-life intangible assets were allocated to these CGUs. The impairment losses or reversals determined following testing primarily concerned property, plant and equipment.

Impacts on the income statement arising from the recognition of impairment losses are described in *Note 28*.

8-2-1-1 Corail (including Elipsos) and Intercités CGUs
A net impairment reversal was recognised for the Corail (including Elipsos) and Intercités CGUs for €210 million and €146 million, respectively. The amount of the reversal is determined based on the provisions of the Trains d'équilibre du territoire agreement signed for a period of three years. Under the agreement, SNCF receives equipment leasing payments and a guaranteed compensation corresponding to the net carrying amount of the equipment at the term of the agreement. The agreement also provides for the reversal of the impairment loss recognised *(see Note 2.5)*.

8-2-1-2 TGV France and Europe CGUs
For the TGV France / Europe CGU, excluding Eurostar, the analysis consisted in valuing the future cash flows generated by the identified asset as at 31 December 2010 based on the business plan (5 years plus a normative year). The assumptions adopted stem from adjusted current projections. Based on the scenarios adopted for price increases and applicable discount rates, analysis results provide a recoverable amount that ranges from less than €236 million to an amount largely exceeding the net carrying amount of the economic asset tested. No impairment was recognised for the year ended 31 December 2010.

8-2-1-3 Rail Freight CGUs
Following the reorganisation of the activity initiated at the end of 2009, SNCF Freight was broken down into 5 CGUs. For the first half of 2010, the operational implementation of the master development plan revealed that the Multi-Lots Multi-Clients (Multi-wagon/Multi-customer) activity could not be characterised as a CGU. The equipment of this activity and the Other products and special applications asset pool were re-allocated to other CGUs, which resulted in an additional impairment (including rolling stock in progress). In addition, a net contingency provision reversal was recognised for firm order commitments. The two combined impacts resulted in a net charge of €156 million. The methods used to determine the impairment loss are described in *Note 28*.
As at 31 December 2010, the net carrying amount of this CGU's production resources (all intangible assets and property, plant and equipment excluding land and buildings) amounted to €450 million, or €1,223 million less than the net carrying amount that would have been obtained had this rolling stock never been impaired (€999 million as at 31 December 2009). In addition, the amount of the contingency provision covering firm commitments amounted to €75 million.

8-2-1-4 Multimodal Transport and Rail Transport CGUs
Results for the Multimodal Transport and Rail Transport CGUs did not meet expectations, primarily due to the economic situation. An impairment loss of €75 million was recognised following testing, of which €54 million for goodwill allocated to these CGUs and €21 million almost evenly allocated between intangible assets and property, plant and equipment (particularly rolling stock).

8-2-2 CGUs as at 31 December 2009

The CGUs of Corail (including Elipsos), Intercités, Transilien, TGV France and Europe (excluding Eurostar) and Infrastructure were

tested following indications of impairment identified during the year. The indications identified stem from negative forecasts for Corail and Intercités and results that did not meet the forecast for Infrastructure.

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2009:

Segment	SNCF Infra	SNCF Proximités	SNCF Proximités	SNCF Voyages	SNCF Voyages
CGU	Infrastructure Maintenance and Engineering	Transilien	Inter cités	Standard rolling stock (Corail, Elipsos)	TGV France and Europe (excluding Eurostar)
PPE and intangible assets before impairment (at the year-end in millions of euros)	521	2,841	246	290	4,218
Base used for the recoverable amount	Value in use	Value in use	Value in use	Value in use	Value in use
Source	3-year plan	3-year plan	3-year plan	3-year plan	10-year plan
Discount rate (minimum - maximum)	6.3%-7.4%	7.7%-8.8%	7.1%-8.1%	7.1%-8.1%	8.3%-9.6%
Growth rate	2%	2%	2%	2%	2%

No goodwill or indefinite-life intangible assets were allocated to these CGUs. The impairment losses determined following testing primarily concerned property, plant and equipment.

Impacts on the income statement arising from the recognition of impairment losses are described in *Note 28.*

8-2-2-1 Infra CGUs
No sensitivity tests were conducted for the Infra CGUs since these CGUs were fully impaired or impaired using a base with a non-material sensitivity.

8-2-2-2 Transilien CGU
For the Transilien CGU, a test was conducted on the asset as at 30 June 2009 based on a three-year financial projection, after payment of contractual investments. The test assumed a notional disposal value at the period-end equal to the net carrying amount. The resulting value in use is greater than that of the asset tested.

8-2-2-3 Intercités CGUs
No sensitivity tests were conducted for the Intercités and standard rolling stock CGUs since these CGUs were fully impaired or impaired using a base with a non-material sensitivity.

8-2-2-4 TGV France and Europe CGU
For the TGV France / Europe CGU, excluding Eurostar, the analysis consisted in valuing the future cash flows generated by the fleet identified as at 31 December 2009. The assumptions adopted stem from current projections (10-year plan). The analysis concluded that no impairment was to be recognised, despite an amount that was €225 million lower than the net carrying amount tested with a discount rate of 9.6%, given the potential operational optimisations (extension of routes and optimisation of maintenance programmes) and the prudent assumptions used to formulate the test in terms of the WCR. In addition, the present value of cash flows discounted at a rate of 8.3%, corresponding to the lower range, exceeds the value of the economic asset.

8-2-2-5 Rail Freight CGUs
Following the activity's restructuring in 2009, Fret SNCF was divided into five CGUs. The methods used to determine the impairment loss are described in *Note 28.*

8-2-2-6 France Wagons CGU
France Wagons has non-leased rolling stock representing 35% of its total fleet as at 31 December 2009. Among the surplus fleet are cars that are obsolete or cars that cannot be relocated within a planned timeframe. These cars have been fully provided for. The impact on the income statement is a net charge provisioned of €16 million.

9 FINANCIAL ASSETS

Financial assets maturing in less than 12 months at the balance sheet date are recorded in Current financial assets.

The fair value of asset derivative instruments is classified in current and non-current assets based on the final maturity of the derivative.

For financial assets recognised at fair value in the balance sheet, the fair value hierarchy is shown by category of financial asset and comprises the following three levels under IFRS 7:

– Level 1: fair value measured using quoted prices.

– Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market.

– Level 3: fair value determined using valuation techniques not based on observable market data.

The fair value amounts on derivative instruments include accrued interest receivable.

As at 31 December 2010 and 31 December 2009, current and non-current financial assets and the fair value measurement levels break down as follows:

				31/12/10			
in € millions	Note	Non-current	Current	Total	Level 1	Level 2	Level 3
Loans and receivables		6,013	953	**6,944**	-	-	-
RFF receivable	*9.1*	*1,797*	*114*	***1,911***	-	-	-
Public Debt Fund receivable	*9.2*	*3,703*	*317*	***4,020***	-	-	-
Other loans and receivables	*9.4*	*490*	*523*	***1,013***	-	-	-
Non-current concession financial assets	*9.5*	*22*		***22***	-	-	-
Available-for-sale assets		342	133	**475**	292	-	183
Assets at fair value through profit or loss		-	1,173	**1,173**	86	1,088	-
Positive fair value for hedging derivatives	20	371	39	**409**	0	409	-
Positive fair value of trading derivatives	20	323	94	**418**	-	418	-
Financial assets		**7,049**	**2,392**	**9,441**	**378**	**1,915**	**183**

				31/12/09			
in € millions	Note	Non-current	Current	Total	Level 1	Level 2	Level 3
Loans and receivables		5,873	2,069	**7,942**	-	515	-
RFF receivable	*9.1*	*1,856*	*88*	***1,944***	-	*515*	-
Public Debt Fund receivable	*9.2*	*3,677*	*1,313*	***4 990***	-	-	-
Other loans and receivables	*9.4*	*340*	*668*	***1,008***	-	-	-
Available-for-sale assets		659	433	**1,092**	811	-	281
Assets at fair value through profit or loss		71	831	**902**	71	831	-
Positive fair value for hedging derivatives	20	112	24	**136**	-	136	-
Positive fair value of trading derivatives	20	135	171	**306**	-	306	-
Financial assets		**6,850**	**3,529**	**10,379**	**882**	**1,789**	**281**

UCITS included in assets at fair value through profit or loss are valued at their net asset value at the balance sheet date.

Available-for-sale assets comprise non-consolidated investments in associates and short and medium-term investments.

The change in the heading for 2010 primarily stems from the change in the Public Debt Fund receivable. As at 31 December 2010, no portion of the RFF receivable was measured at fair value, the related fair value hedging instrument having been unwound in August 2010.

Other loans and receivables are analysed in *Note 9.4.*

9-1 Réseau Ferré de France receivable

The principles governing the measurement and recognition of this receivable are presented in *Note 4.11.4.1.* The receivable breaks down as follows:

in € millions	Non-current	Current	31/12/10 Total	Non-current	Current	31/12/09 Total
At amortised cost	1,797	80	**1,877**	1,343	53	**1,396**
Recognised using fair value hedge accounting	-	-	-	513	2	**515**
Accrued interest receivable		34	**34**		33	**33**
Total	**1,797**	**114**	**1,911**	**1,856**	**88**	**1,944**

Fair value of the RFF receivable

in € millions	Fair value	31/12/10 Net carrying amount	Fair value	31/12/09 Net carrying amount
RFF receivable	2,334	1,911	2,338	1,944

The maturity schedule based on year-end exchange and interest rates is as follows:

in € millions	Nominal	31/12/10 Interest	Nominal	31/12/09 Interest
Less than 1 year	80	98	57	96
1 to 2 years	191	96	78	95
2 to 3 years	418	96	190	94
3 to 4 years	6	68	418	93
4 to 5 years	368	68	6	66
More than 5 years	814	443	1,145	507
Total	**1,877**	**869**	**1,893**	**951**

9-2 Public Debt Fund receivable

Excluding derivative instruments, this receivable totalled €4,020 million as at 31 December 2010 and €4,990 million as at 31 December 2009.

The fair value and net carrying amount of this receivable is as follows:

	31/12/10		31/12/09	
in € millions	Fair value	Net carrying amount	Fair value	Net carrying amount
Receivable on CDP (Public Debt Fund)	4,721	4,020	5,552	4,990

The maturity schedule based on year-end exchange and interest rates is as follows:

	31/12/10		31/12/09	
in € millions	Nominal	Interest	Nominal	Interest
Less than 1 year	75	211	1,057	261
1 to 2 years	1,055	208	69	209
2 to 3 years	1,129	174	974	206
3 to 4 years	0	104	1,128	173
4 to 5 years	113	104	0	103
More than 5 years	1,407	735	1,506	838
Total	**3,778**	**1,535**	**4,734**	**1,790**

9-3 Medium term assets

The maturity schedule based on year-end exchange and interest rates for medium-term assets classified as available for sale is as follows:

	31/12/10		31/12/09	
in € millions	Nominal	Interest	Nominal	Interest
Less than 1 year	123	12	416	23
1 to 2 years	-	6	123	16
2 to 3 years	113	6	90	10
3 to 4 years	-	-	113	7
4 to 5 years	-	-	13	1
More than 5 years	-	-	-	-
Total	**236**	**24**	**755**	**57**

9-4 Loans and receivables

Other loans and receivables held by the Group break down as follows:

in € millions	31/12/10 Non-current	Current	Total	31/12/09 Non-current	Current	Total
Cash collateral assets	-	435	435	-	643	643
Other loans and receivables	490	88	578	340	26	366
Total	**490**	**523**	**1,013**	**340**	**668**	**1,008**

9-5 Concession financial assets

Concession financial assets before grants amounted to €2,779 million as at 31 December 2010 (€2,631 million as at 31 December 2009) including €2,757 million for passenger regional transport services for which rolling stock is 100% subsidised. The financial assets for these services are carried at nil in the balance sheet, as they are extinguished by the investment grants for an equivalent amount, the latter now being deducted from the corresponding balance sheet assets *(see Note 1.3.1)* and classified as a repayment clause of these financial assets *(see Note 1.3.2)*. These grants had a net balance of €22 million as at 31 December 2010 (€0 million as at 31 December 2009).

The investment grants received for concession agreements amounted to €234 million (€1,023 million over 2009). They are deducted from the corresponding financial assets for the same amount.

10 INVESTMENTS IN ESH LOW-RENTAL HOUSING COMPANIES

The ESH low-rental housing companies in which the Group holds a majority interest are not consolidated due to the absence of effective control *(see Note 4.1.2)*.

The main consolidated balance sheet headings of these companies are as follows:

- Non-current assets: €2,855 million (€2,573 million in 2009);
- Non-current financial liabilities (debts): €1,709 million (€1,634 million in 2009).

11 INVESTMENTS IN ASSOCIATES

The Group holds several investments in associates, accounted for using the equity method. The net carrying amount of investments in these companies breaks down as follows:

in € millions	% interest	31/12/10 Net profit/(loss)	31/12/10 Investment in associates (incl. net profit/(loss))	31/12/09 Investments in associates
Eurofima	22.60	8	260	212
STVA Group subsidiaries		1	10	33
Groupe Keolis SAS (formerly Kuvera)	45.38	-1	1	90
NTV	20.00	-4	75	80
Other investments		2	26	13
Total		**6**	**373**	**429**

Groupe Keolis SAS, formerly known as Kuvera, had been 45.38% consolidated using the equity method and was subsequently fully consolidated on 4 February 2010 *(see Note 2.3)*. Other than this change in the consolidation method, the movement in the heading over the year breaks down as follows:

in € millions	31/12/10	31/12/09
As at 1 January	**429**	**410**
Net profit	6	14
Change in consolidation method	-90	0
Change in consolidation scope	-8	-2
Fair value and other	-1	5
Distribution	-4	-5
Exchange differences	41	1
As at 31 December	**373**	**429**

11 Investments in associates

The financial information summary presented below in respect of associates represents 100% of the headings concerned and not the percentage held:

in € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/10 Total
Current assets	16	1,693	27	**1,737**
Non-current assets	4	25,723	310	**26,037**
Current liabilities	15	400	20	**436**
Non-current liabilities	0	25,865	114	**25,979**
Net assets	**4**	**1,152**	**203**	**1,359**

in € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/09 Total
Current assets	963	850	113	**1,926**
Non-current assets	1,241	24,350	233	**25,824**
Current liabilities	1,276	325	12	**1,613**
Non-current liabilities	876	23,938	102	**24,916**
Net assets	**51**	**938**	**232**	**1,220**

Eurofima acts as a finance company for rolling stock. Assets purchased under finance lease via the intermediary of Eurofima were capitalised in the SNCF Group financial statements for a gross value of €4,038 million as at 31 December 2010 (€4,278 million as at 31 December 2009). The related financing liability is €2,409 million as at 31 December 2010, compared to €3,229 million as at 31 December 2009.

in € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/10 Total
Revenue	324	-	7	**332**
Operating profit/(loss)	-8	-	-17	**-25**
Net profit/(loss) for the year	**-10**	**37**	**-20**	**8**

The profit indicators for Groupe Keolis SAS correspond to the period from 1 January 2010 to 3 February 2010, when the group was still equity-accounted in the SNCF Group consolidated financial statements.

in € millions	Groupe Keolis SAS (formerly Kuvera)	Eurofima	NTV	31/12/09 Total
Revenue	3,424	-	4	**3,428**
Operating profit/(loss) (EM)	67	-	-13	**54**
Net profit/(loss) for the year (EM)	**36**	**34**	**-15**	**56**

12 INVESTMENTS IN JOINT VENTURES

The Group's share in the assets and liabilities of proportionately consolidated companies is as follows:

in € millions	31/12/10 Systra	Joint ventures within Keolis	EIL	Other	Total	31/12/09 Ermewa	Systra	Other	Total
Share of assets and liabilities of joint ventures									
Current assets	102	226	229	76	**634**	85	91	40	**215**
Non-current assets	14	59	410	12	**495**	336	15	1	**353**
Current liabilities	62	255	142	63	**521**	66	56	41	**164**
Non-current liabilities	4	25	30	1	**60**	323	4	0	**327**
Net assets	**50**	**6**	**468**	**24**	**548**	**32**	**46**	**0**	**77**

in € millions	31/12/10 Ermewa	Systra	Joint ventures within Keolis	EIL	Other	Total	31/12/09 Ermewa	Systra	Other	Total
Share of assets and liabilities of joint ventures										
Revenue	15	127	808	161	130	1,241	177	125	41	343
Operating profit	2	7	34	262	8	313	31	10	5	46
Net profit for the year	**0**	**7**	**15**	**264**	**6**	**292**	**11**	**9**	**4**	**23**

The main change for the year stems from the joint acquisition of EIL, proportionately consolidated at 55% as at 31 December 2010. The net profit includes a capital gain for €206 million and negative goodwill for €57 million *(see Note 2.2)*.

The share has also increased due to the change from proportional to full consolidation for Ermewa as of 2 February 2010 at the time of its acquisition by SNCF Group *(see Note 2.2)*. The share of profit in Ermewa corresponds to that of January 2010 when the group was still jointly controlled.

13 INVENTORIES AND WORK-IN-PROGRESS

Inventories as at 31 December 2010 break down as follows:

in € millions	Gross	Impairment	31/12/10 Net	31/12/09 Net	Change
Raw materials	629	-77	552	582	-31
Finished products	194	0	194	188	5
Production work-in-progress	162	-3	159	35	124
Inventories and work-in-progress	**985**	**-81**	**905**	**806**	**99**

Movements in inventory impairment break down as follows:

in € millions	31/12/09	Charges	Reversals	Reclassification	Change in scope	31/12/10
Raw materials and supplies - impairment	-70	-8	5	0	-5	-77
Finished goods - impairment	-1	0	-	0	-	0
Production work-in-progress - impairment	-2	-1	-	-	-	-3
Inventory impairment	**-72**	**-8**	**5**	**0**	**-5**	**-81**

14 OPERATING RECEIVABLES

Operating receivables as at 31 December 2010 break down as follows:

in € millions	Gross	Impairment	31/12/10 Net	Change	Net
Trade receivables and related accounts	3,924	-150	3,774	3,051	722
Amounts receivable from the French State and local authorities	1,163	0	1,163	1,172	-8
Other operating receivables	1,696	-116	1,580	1,603	-23
Net operating receivables	**6,783**	**-266**	**6,517**	**5,825**	**692**

Compared to the 2009 published figures, amounts receivable from the French State and local authorities have decreased respectively by €73 million and €60 million due to the adjustment of the advances on asset disposals *(see Note 22)*.

14 Operating receivables

Movements in impairments of trade receivables and other operating receivables were as follows in 2010 and 2009.

in € millions	31/12/09	Charges	Reversals	Reclassification	Change in scope	Foreign exchange and other	31/12/10
Trade receivables and related accounts – impairment	-181	-94	127	15	-16	-1	-150
Other operating receivables – impairment	-138	-88	109	4	-2	0	-116
Total	**-319**	**-182**	**235**	**19**	**-18**	**-2**	**-266**

in € millions	31/12/08	Charges	Reversals	Reclassification	Change in scope	Foreign exchange and other	31/12/09
Trade receivables and related accounts – impairment	-152	-80	59	-5	-3	-1	-181
Other operating receivables – impairment	-130	-84	75	2	0	0	-138
Total	**-282**	**-164**	**134**	**-3**	**-2**	**-1**	**-319**

Due to its business, Group exposure to credit risk is limited. Tickets are sold to passengers on a cash basis. In addition, the Group has significant relations with a number of public sector customers (RFF, regional authorities, RATP, STIF, armed forces, etc.). In the SNCF Geodis activity, dependence on customers is reduced by the number of the latter. In carrying out its transport and/or freight forwarding activities, the Group also has the right to hold the merchandise it is confided, which reduces the risk of non-payment for services. Finally, based on an assessment of customer credit risk, payment terms and conditions before transport may be determined to limit the risk of non-payment.

While receivables from these customers may be past due, there are no grounds for impairment. Receivables are impaired when the Group is in dispute with a customer or when the ability to recover the receivable in full is modified.

Trade receivables past due break down as follows (gross value):

31/12/10 in € millions	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,777	454	426	132	81	54	3,924
Total	**2,777**	**454**	**426**	**132**	**81**	**54**	**3,924**

31/12/09 in € millions	Not past due	Impaired	Past due but not impaired				Total
			< 3 months	4 to 6 months	7 to 12 months	> 12 months	
Trade receivables and related accounts	2,639	191	215	64	103	21	3,233
Total	**2,639**	**191**	**215**	**64**	**103**	**21**	**3,233**

15 CASH AND CASH EQUIVALENTS

in € millions	31/12/10	31/12/09	Change
Monetary mutual fund (SICAV) equivalent to cash	3,822	3,519	303
Cash at bank and in hand	886	582	304
Cash and cash equivalents in the statement of financial position	**4,708**	**4,101**	**607**
Accrued interest payable	1	1	-1
Current bank facilities	275	460	-184
Cash and cash equivalents of discontinued operations classified as assets held for sale and related liabilities	86	-	86
Cash and cash equivalents in the cash flow statement	**4,346**	**3,640**	**706**

The operating companies of the Keolis activity in the UK are contractually required to have a certain level of cash and cash equivalents and comply with a Liquidity Maintenance Ratio in order to sustain the public service offering should one of the operators fail. The required amount corresponds to the activity's direct costs for a certain number of weeks until the term of the franchise. Because of this restriction, the liquidity in question is qualified as cash and cash equivalents set aside for the Group. The item amounted to €110 million for the year ended 31 December 2010.

The Group considers the nominal value of investments recorded in cash and cash equivalents to be a reasonable estimate of their market value.

Net cash from operating activities posted a net inflow of €2,286 million in 2010 (€1,671 million in 2009), primarily generated from operations for €1,431 million (€1,499 million in 2009).

Net cash used in investing activities was negative at €1,364 million in 2010 (€921 million in 2009), and is primarily attributable to:

– capital expenditure on intangible assets and property, plant and equipment for €2,817 million (2,319 million in 2009), up 20% *(see Note 7)*;

– net cash acquired from the Keolis group for €248 million *(see Note 3.2)*, and during the creation of EIL for €12 million *(see Note 3.3)*, offset by the 100% takeover of Ermewa for €240 million *(see Note 3.1)* and the net cash outflow related to the acquisition of Captrain (formerly Veolia Cargo) in 2009;

– the positive change for €439 million in loans and receivables (€1,519 million in 2009);

– investment grants received for intangible assets and property, plant and equipment for €692 million in 2010 compared to €108 million in 2009;

– disposals of intangible assets and property, plant and equipment for €533 million in 2010 compared to €221 million in 2009.

Net cash used in financing activities was negative at €215 million in 2010 (in 2009, the item generated cash for €199 million) and breaks down as follows:

– new borrowings for €1,922 million (€2,900 million in 2009), of which €1,286 million for the parent company (€2,819 million in 2009) including a €945 million EMTN bond issue;

– repayment of the RFF receivable for €57 million compared to €448 million in 2009 and the CDP receivable for €1,192 million (€1,169 million in 2009);

– changes in cash borrowings for €478 million (€186 million in 2009) and no payment of dividends to the French State in 2010 compared to a payment of €183 million in 2009.

15 Cash and cash equivalents

Movements in net debt financing flows are as follows:

in € millions	Note	31/12/10	31/12/09	Change
Non-current financial liabilities	19	16,386	14,887	1,499
Non-current financial assets included in net debt	19	-6,771	-6,549	-222
Current financial liabilities excluding cash and cash equivalents	19	5,708	6,003	-294
Current financial assets included in financing flows excluding cash and cash equivalents	19	-2,392	-3,529	1,137
Net debt included in financing flows		**12,931**	**10,812**	**2,119**
Change in loans and receivables				439
Change in cash assets				-56
Issue of debt instruments				1,922
Repayment of borrowings				-2,280
Increase/(decrease) in cash borrowings				478
Changes in derivatives				-30
Net debt financing flows in the cash flow statement	**CFS**			**473**
Difference				**1,646**
This difference breaks down as follows:				
Change in fair value				-5
Change in accrued interest on net debt				35
Change in provisions on financial assets				0
Changes in scope				1,515
Currency translation effects and other				14
Impact of IFRS5				86
Total				**1,646**

16 EQUITY

16-1 Share capital

As at 31 December 2010, the SNCF share capital primarily comprises:

– €2.2 billion in capital grants essentially representing the various cash contributions of the French State;

– €2.8 billion in property grants representing the various contributions in kind received from the French State.

On 1 January 1983, the state-owned industrial and commercial institution "Société Nationale des Chemins de fer Français" (SNCF) was created, pursuant to the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982. The French State is the sole shareholder.

On the creation of the industrial and commercial public institution SNCF, the state-owned or private real estate assets previously given under concession to the semi-public limited liability company (created on 31 August 1937) which it succeeded were appropriated to it. These assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet under the appropriate asset headings and offset in share capital for the same amount.

16-2 Non-controlling interests (minority interests)

As at 31 December 2010, non-controlling interests break down according to the following sub-groups:

in € millions	31/12/10	31/12/09	Change
Geodis	9	11	-1
STVA	6	35	-28
Systra	14	13	1
Ermewa	3	-	3
CapTrain	28	-	28
Keolis	13	-	13
Other	6	20	-13
Total	**80**	**78**	**2**

17 EMPLOYEE BENEFITS

The following provisions were booked for employee benefits:

in € millions	31/12/10	31/12/09
Pension obligations	214	114
Provident obligations	46	45
Social welfare initiatives	372	378
Compensation for work-related injuries	761	753
Long service medals and other benefits	81	41
Gradual cessation of activity and time savings account	363	344
Total provision	**1,836**	**1,675**
of which non-current	*1,752*	*1,594*
of which current	*83*	*81*

The provident scheme concerns supplementary benefits for top executives not otherwise covered.

17-1 Description of employee benefits

17-1-1 Compensation for work-related injuries

SNCF Group self-finances the payment of compensation for work-related injuries to active and retired employees of the parent company, independently of the current general regime.

Life annuities are provided in full at the date of grant to injured employees without any seniority conditions. They represent other long-term and post-employment benefits.

17-1-2 Retired employee social welfare initiatives

The Group implements a number of social welfare initiatives for the personnel of the parent company: access to infrastructures, consultation of social workers, etc. Both active and retired employees may benefit from these initiatives.

A provision in the amount of this post-employment benefit has been recognised.

17-1-3 Gradual cessation of activity

The gradual cessation of activity is a procedure used to adjust the work time of employees who have reached the end of their careers. A work-time formula is thus arranged so as to provide a transition period between professional activity and retirement. A new agreement effective in July 2008 offers the possibility of a gradual or complete cessation for the parent company personnel. The granting of benefits is based on a combination of criteria: years of service, arduousness and employee category. The agreement is treated as a long-term benefit in the consolidated financial statements pursuant to IAS 19.

The calculation is mainly based on the assumed proportion of agents to be covered by the procedure.

17-1-4 Other benefits granted

Through its subsidiaries, the Group participates in pension schemes and other employee benefits in accordance with the laws and customs of each country where it is established and outside of the statutory pension schemes governed by law. These benefits comprise end-of-career or retirement benefits and bonuses with respect to long-service awards (France), defined benefit pension schemes (United Kingdom, Italy (TFR), Germany, the Netherlands, Sweden, Norway, Australia and Canada) and retiree health costs (Canada).

In France, pension benefits paid to an employee on departure are determined in accordance with the national collective agreement or the company agreement in force in the entity. The two main collective agreements in force within the Group are as follows:

- urban public transport collective agreement (CCN_3099) within the Keolis subsidiaries;

- non-rail transport collective agreement (CCN_3085).

These schemes can be partially funded.

In Italy, employees receive the Trattamento di Fine Rapporto di lavoro subordinato (TFR). This termination benefit, payable by the employer regardless of the reason for the contract's termination, takes the form of a single payment representing 1/14th of the annual compensation per year of service.

In the United Kingdom, there is a defined benefit scheme specific to rail activities: the Railways Pension Scheme (RPS). The scheme is funded by a trust. The amount of the company's obligation is based on the term of the franchise. A franchise adjustment is factored into the calculation of the provision.

17-1-5 Main assumptions used

Provisions for employee obligations are calculated on an actuarial basis, using the projected unit credit method. The parameters used in the modelling of the main employee benefits are as follows:

	31/12/10	31/12/09
Gross discount rate	4.25%	4.50%
Inflation rate	2.00%	2.00%
Mortality table: provident obligations and social welfare initiatives	TGH 05 / TGF 05	TGH 05 / TGF 05
Mortality table: active and retired employees with work-related injuries	TD 88-90	TD 88-90
Mortality table: widows of employees with work-related injuries	TGF 05	TGF 05
Mortality table: gradual cessation of activity	TGF 05	TGF 05
Gross rate of increase of provident benefits (Senior Management Fund)	3.00%	3.00%
Gross rate of increase of social welfare initiatives	2.00%	2.00%
Gross rate of increase of compensation for work-related injuries	2.00%	2.00%
Gross rate of increase of gradual cessation of activity	4.00%	4.00%

With respect to the schemes granted by Group subsidiaries, the following assumptions are used:

	31/12/10		31/12/09	
	France	Abroad	France	Abroad
Discount rate	4.60%	2.30-5,55%	4.75%	4.30-5.85%
Salary increase rate	3.00%	2.73-3,50%	2.00%	3.11%
Expected rate of return on plan assets	3.60-5.00%	4.3-7.64%	5.00%	6.14%

As was the case at 31 December 2009, obligations relating to the main post-employment benefits are discounted at the closing date's market rate based on leading corporate bonds of comparable maturity. The benchmark used to determine the discount rate is Bloomberg AA for France and the Euro zone. For non Euro zone countries, Bloomberg rates per country are also used.

17-2 Present value of obligations and provisions

For post-employment benefit obligations, the Group progressively records actuarial differences arising from experience impacts and changes in actuarial assumptions in accordance with the corridor method. Improvements to the different regimes are also recognised progressively in profit or loss. For long-service awards and other long-term benefits, actuarial gains and losses and improvements to the schemes are immediately recognised in profit or loss for the full amount.

The change in provisions and the net present value of obligations over the year for each scheme break down as follows:

17 Employee benefits

31/12/10	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Opening provision	**114**	**45**	**378**	**753**	**344**	**41**	**1,675**
Actuarial gains and losses and franchise adjustment not recognised in the opening balance	-2	-4	-139	51	0	0	-94
Present value of the obligation at the beginning of the period	**112**	**41**	**238**	**804**	**344**	**41**	**1,580**
Current service cost	33	1	4	40	24	16	119
Finance cost (including franchise adjustment)	21	2	10	35	15	1	84
Actuarial gains and losses	81	2	4	10	-2	0	95
Past service cost	1	0	0	0	0	0	1
Expected rate of return on plan assets	-19	0	0	0	0	0	-19
Paid benefits	-35	-2	-12	-64	-19	-4	-136
Plan amendments	0	0	0	0	0	2	2
Group structure and exchange rate impacts	97	0	0	0	0	24	122
Present value of the obligation at the end of the period	**292**	**44**	**245**	**824**	**363**	**81**	**1,849**
Actuarial gains and losses and franchise adjustment recognised	78	-2	-127	63	0	0	13
Closing provision	**214**	**46**	**372**	**761**	**363**	**81**	**1,836**

31/12/09	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Opening provision	**94**	**44**	**402**	**742**	**0**	**41**	**1,323**
Actuarial gains and losses not recognised in the opening balance	0	-9	-175	11	0	0	-172
Present value of the obligation at the beginning of the period	**94**	**36**	**227**	**752**	**0**	**41**	**1,151**
Current service cost	12	1	3	37	321	2	376
Interest expense	3	2	12	38	16	0	71
Actuarial gains and losses	0	4	24	41	17	0	85
Past service cost	1	0	0	0	0	0	1
Paid benefits	-11	-2	-12	-65	-10	-2	-101
Plan amendments	1	0	-16	0	0	1	-14
Group structure and exchange rate impacts	12	0	0	0	0	0	12
Present value of the obligation at the end of the period	**112**	**41**	**238**	**804**	**344**	**41**	**1,580**
Actuarial gains and losses not recognised	-2	-4	-139	51	0	0	-94
Closing provision	**114**	**45**	**378**	**753**	**344**	**41**	**1,675**

In 2009, the most significant change stemmed from the recognition of the agreement covering the gradual cessation of activity, which entered into force in July 2008. The amount of the obligation is calculated based on a membership assumption of 23%. An upward or downward change in this assumption of 100 basis points would have an impact of approximately €10 million.

17-3 Net expense recorded in profit or loss

All movements in the provision for pension and similar obligations are recorded in gross profit under "Employee benefits expense," except for the interest expense, recorded in "Finance costs".

The expense recorded for defined benefit schemes included in employee benefits expense amounted to €2.1 billion in 2010 (€2.1 billion over 2009).

The overall Income statement expense for defined benefit schemes may be broken down as follows:

31/12/10	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Current service cost	33	1	4	40	24	16	119
Cost of benefits paid	31	2	12	64	19	5	134
Plan amendments	0	–	0	–	–	2	2
Gross profit	**65**	**3**	**17**	**104**	**43**	**23**	**255**
Finance cost (including franchise adjustment)	4	2	2	32	13	1	54
Of which actuarial gains and losses	*0*	*0*	*-8*	*-3*	*-2*	*1*	*-12*
Finance cost	**4**	**2**	**2**	**32**	**13**	**1**	**54**
Expense recognised	**68**	**5**	**19**	**137**	**56**	**24**	**309**

31/12/09	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Current service cost	14	1	3	37	321	2	378
Cost of benefits paid	11	2	12	65	10	2	101
Plan amendments	1	-	-16	-	0	1	-14
Gross profit	**26**	**3**	**-1**	**101**	**330**	**5**	**464**
Interest expense	5	1	1	38	33	0	77
Of which actuarial gains and losses	*2*	*-1*	*-11*	*0*	*17*	*0*	*7*
Finance cost	**5**	**1**	**1**	**38**	**33**	**0**	**77**
Expense recognised	**31**	**4**	**0**	**139**	**363**	**4**	**542**

17-4 Experience adjustments

Present values of obligations, fair values of plan assets and experience adjustments are as follows:

31/12/10	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Present value of the obligation at the end of the period	419	44	246	824	0	54	1,586
Fair value of plan assets at the end of the period	-260	0	0	0	0	0	-260
Financial position	679	44	246	824	0	54	1,846
Experience adjustments relating to:							
– liabilities	4	1	-3	-13	-	-	-
– assets	-1	-	-	-	-	-	-

31/12/09	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Present value of the obligation at the end of the period	146	41	238	804	344	41	1,614
Fair value of plan assets at the end of the period	34	0	0	0	0	0	34
Financial position	112	41	238	804	344	41	1,581
Experience adjustments relating to:							
– liabilities	0	0	1	-24	-	-	-
– assets	1	-	-	-	-	-	-

17-5 Circulation privileges

SNCF employees (active employees and their beneficiaries and retired employees) receive privileges which enable them to travel under certain circumstances at prices that differ from the market. SNCF Group considers that these travel privileges do not have a material impact on its production resources and that the marginal average cost of this programme is lower than the reservation fees paid by the beneficiaries.

18 PROVISIONS

18-1 Movements in provisions

Movements in provisions for contingencies and losses during the year break down as follows:

in € millions	01/01/10	Charges	Reversals (used)	Reversals (not used)	Other	31/12/10	*Of which current*	*Of which non-current*
Tax and customs risk	35	43	-3	-6	-7	62	*9*	*54*
Environmental risks	372	12	-17	-2	2	366	*21*	*345*
Litigation and contractual disputes	506	129	-113	-74	61	509	*82*	*427*
Restructuring costs	57	26	-29	-4	-27	22	*16*	*6*
Other	446	60	-135	-91	-78	200	*81*	*119*
Total provisions	**1,416**	**269**	**-298**	**-178**	**-49**	**1,159**	***209***	***950***

18-2 Observations on provisions

In the interests of prudence, SNCF records provisions in respect of contested revised tax assessments.

As at 31 December 2010, the following environmental risks are provided in the accounts:

- site decontamination: €93 million (€104 million in 2009);
- asbestos-related costs: €265 million (€263 million in 2009).

The provision for litigation and contractual disputes encompasses risks relating to legal disputes and the settlement of contracts, as well as contractual disputes involving:

- RFF for €52 million in 2009, the provision was fully reversed in 2010;
- RTE for €106 million (€91 million in 2009).

Other provisions include a contingency provision in respect of firm orders for Freight equipment for €75 million (€255 million in 2009).

The classification of SeaFrance as an activity held for sale *(see Note 23)* gives rise to a reclassification of restructuring costs for €34 million to the heading "Liabilities associated with assets classified as held for sale."

Movements in provisions are partially explained by the contingency provision covering the unwinding of the contract with RFF for €52 million and the reclassification of these provisions for €120 million in impaired assets that are capitalised on the commissioning of equipment.

19 FINANCIAL LIABILITIES

This note provides a breakdown of Group financial liabilities by nature, maturity, currency and interest rate. *Note 20* provides additional disclosures on derivative instruments subscribed by the Group. The hedging strategy is presented in *Note 21*.

Derivative instrument fair values and borrowings include accrued interest payable/receivable.

19-1 Current/non-current breakdown of financial liabilities

Liabilities maturing in less than 12 months at the balance sheet date are recorded in current liabilities.

The fair value of liability derivative instruments is classified in current and non-current liabilities based on the final maturity of the derivative.

Financial liabilities break down as follows:

in € millions	Note	31/12/10			31/12/09		
		Non-current	Current	Total	Non-current	Current	Total
Bonds		10,704	1,289	11,993	9,381	2,457	11,838
Bank borrowings		2,078	463	2,541	1,352	297	1,649
Finance lease obligations		2,460	476	2,935	3,106	431	3,537
Sub-total borrowings		**15,242**	**2,228**	**17,470**	**13,839**	**3,185**	**17,024**
Of which							
– measured at amortised cost		*11,463*	*2,065*	*13,528*	*9,775*	*2,813*	*12,589*
– recognised using fair value hedge accounting		*3,277*	*65*	*3,342*	*3,560*	*292*	*3,851*
– designated at fair value		*502*	*98*	*600*	*504*	*80*	*584*
Amounts payable on non-controlling interest purchase commitments		506	-	506	-	-	-
Negative fair value of hedging derivatives	20	256	39	296	405	55	460
Negative fair value of trading derivatives	20	380	120	501	291	210	501
Loans and borrowings		**16,385**	**2,387**	**18,772**	**14,535**	**3,449**	**17,985**
Cash borrowings and overdrafts		1	3,597	3,599	352	3,014	3,366
Financial liabilities presented in the balance sheet		**16,386**	**5,985**	**22,371**	**14,887**	**6,464**	**21,351**
Réseau Ferré de France receivable	9.1	1,797	114	1,911	1,856	88	1,944
Public Debt Fund receivable	9.2	3,703	317	4,020	3,677	1,313	4,990
Available-for-sale assets[1]		120	133	253	358	433	791
Assets at fair value through profit or loss		-	1,173	1,173	71	831	902
Positive fair value of hedging derivatives	20	371	39	409	112	24	136
Positive fair value of trading derivatives	20	323	94	418	135	171	306
Other loans, receivables and investments[2]	9.4	456	523	979	340	668	1,008
Cash and cash equivalents			4,708	4,708		4,101	4,101
Group net indebtedness		**9,615**	**- 1,116**	**8,499**	**8,338**	**- 1,167**	**7,172**

[1] : Available-for-sale assets do not include investments.
[2] : Others loans, receivables and investments do not include the pension assets.

19 Financial liabilities

For financial liabilities recognised at fair value in the balance sheet, the fair value hierarchy is shown by category of financial asset and comprises the following three levels under IFRS 7:

Level 1: fair value measured using quoted prices.

Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market.

Level 3: fair value determined using valuation techniques not based on observable market data.

Financial assets and liabilities valued at fair value break down as follows:

	31/12/10					
in € millions	Non-current	Current	Total	Level 1	Level 2	Level 3
Bonds	10,704	1,289	11,993	-	3,941	-
Bank borrowings	2,078	463	2,541	0	1	0
Finance lease obligations	2,460	476	2,935	-0	-	-
Sub-total borrowings	**15,242**	**2,228**	**17,470**	**0**	**3,942**	**0**
Of which						
– measured at amortised cost	*11,463*	*2,065*	*13,528*			
– recognised using fair value hedge accounting	*3,277*	*65*	*3,342*	-	*3,342*	-
– designated at fair value	*502*	*98*	*600*	-	*600*	-0
Amounts payable on minority interest purchase commitments - non-current	506	-	506	-	506	-
Negative fair value of hedging derivatives	256	39	296	0	296	-
Negative fair value of trading derivatives	380	120	501	-	501	-
Loans and borrowings	**16,385**	**2,387**	**18,772**	**0**	**5,245**	**0**
Cash borrowings and overdrafts	1	3,597	3,599	1	-	2
Financial liabilities presented in the balance sheet	**16,386**	**5,985**	**22,371**	**1**	**5,245**	**3**

in € millions	31/12/09					
	Non-current	Current	Total	Level 1	Level 2	Level 3
Bonds	9,381	2,457	11,838	-	4,359	-
Bank borrowings	1,352	297	1,649	-	77	-
Finance lease obligations	3,106	431	3,537	-	-	-
Sub-total borrowings	**13,839**	**3,185**	**17,024**	**-**	**4,435**	**-**
Of which						
– measured at amortised cost	*9,775*	*2,813*	*12,589*			
– recognised using fair value hedge accounting	*3,560*	*292*	*3,851*	-	*3,851*	-
– designated at fair value	*504*	*80*	*584*	-	*584*	-
Negative fair value of hedging derivatives	405	55	460	-	460	-
Negative fair value of trading derivatives	291	210	501	-	501	-
Loans and borrowings	**14,535**	**3,449**	**17,985**	**-**	**5,396**	**-**
Cash borrowings and overdrafts	352	3,014	3,366	-	-	-
Financial liabilities presented in the balance sheet	**14,887**	**6,464**	**21,351**	**-**	**5,396**	**-**

The net indebtedness of unconsolidated ESH low-rental housing companies as at 31 December 2010 amounted to €1.8 billion (€1.6 billion as at 31 December 2009).

19-2 Loans and borrowings maturity schedule

Financial liabilities mature as follows:

in € millions	31/12/10	31/12/09
Less than 1 year	2,247	3,097
1 to 5 years	5,463	4,786
More than 5 years	9,344	8,868
Changes in fair value (designated at fair value)	62	59
Changes in fair value (hedge accounting)	354	214
Total	**17,470**	**17,024**
Amounts payable on non-controlling interest purchase commitments	506	-
Fair value of non-current derivatives	637	696
Fair value of current derivatives	160	265
Total loans and borrowings	**18,772**	**17,985**

The maturity schedule for SNCF borrowings, based on year-end exchange and interest rates, is as follows:

in € millions	31/12/10 Nominal	31/12/10 Interest	31/12/09 Nominal	31/12/09 Interest
Borrowings				
Less than 1 year	1,951	586	2,922	582
1 to 2 years	1,875	547	1,017	490
2 to 3 years	1,413	506	1,722	475
3 to 4 years	603	431	1,485	435
4 to 5 years	1,429	425	557	361
More than 5 years	9,336	3,026	8,883	2,961
Total	**16,607**	**5,521**	**16,586**	**5,304**

19-3 Breakdown of loans and borrowings by foreign currency

The breakdown by foreign currency of loans and borrowings, before and after adjustment for derivatives, is as follows:

in € millions	Initial debt structure 31/12/10	Initial debt structure 31/12/09	Structure after currency hedging 31/12/10	Structure after currency hedging 31/12/09
Euro	12,706	11,770	16,561	16,436
Swiss franc	1,832	1,399	329	281
US dollar	635	1,426	223	68
Canadian dollar	148	97	31	-
Pound sterling	1,204	1,643	295	238
Yen	635	520	0	0
Other	310	169	31	0
Total borrowings	**17,470**	**17,024**	**17,470**	**17,024**

The pound sterling denominated debt is fully hedged by pound sterling assets, while Swiss franc and dollar denominated debt are partially hedged by Swiss franc and dollar assets.

19-4 Breakdown of loans and borrowings by interest rate

The breakdown by interest rate of loans and borrowings, before and after adjustment for derivatives, is as follows:

in € millions	Initial debt structure		Structure after IFRS hedging	
	31/12/10	31/12/09	31/12/10	31/12/09
Fixed rate	11,744	11,203	10,616	9,101
Floating rate	5,725	5,821	6,855	7,923
Total borrowings	**17,470**	**17,024**	**17,470**	**17,024**

The breakdown of borrowings by interest rate takes into account the impact of both hedging derivatives and trading derivatives.

19-5 Fair value of financial liabilities

The net carrying amount and nominal value of liabilities designated at fair value is as follows:

in € millions	31/12/10		31/12/09	
	Fair value	Nominal value	Fair value	Nominal value
Borrowings at fair value	600	586	584	525

The value of borrowings recorded is as follows:

in € millions	31/12/10		31/12/09	
	Fair value	Net carrying amount	Fair value	Net carrying amount
Borrowings	17,676	17,470	18,081	17,024
Cash liabilities	3,599	3,599	3,366	3,366
Total borrowings	**21,275**	**21,068**	**21,447**	**20,390**

20 DERIVATIVE FINANCIAL INSTRUMENTS

Current and non-current asset and liability derivative instruments break down as follows:

in € millions	31/12/10			31/12/09		
	Non-current	Current	Total	Non-current	Current	Total
Asset derivative instruments						
Cash flow hedging derivatives	8	-1	**6**	0	0	**0**
Fair value hedging derivatives	363	40	**403**	112	24	**136**
Trading derivatives	323	94	**418**	135	171	**306**
Total asset derivative instruments	**694**	**133**	**828**	**247**	**196**	**443**
Liability derivative instruments						
Cash flow hedging derivatives	68	52	**120**	112	35	**148**
Fair value hedging derivatives	188	-13	**175**	293	19	**312**
Trading derivatives	380	120	**501**	291	210	**501**
Total liability derivative instruments	**637**	**160**	**796**	**696**	**265**	**961**

20-1 Foreign currency derivatives

The SNCF Group operates regularly on the foreign currency derivatives market, primarily in order to hedge borrowings issued. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

in € millions	Balance sheet fair value as at 31/12/2010				Balance sheet fair value as at 31/12/2009			
	Cash flow hedge	Fair value hedge	Trading	Total	Cash flow hedge	Fair value hedge	Trading	Total
Currency swaps (with principal)	-	-	20	**20**	-	-	55	**55**
Currency swaps	-	279	244	**524**	-	17	228	**246**
Forward foreign currency purchases	1	-	0	**1**	0	-	0	**0**
Forward foreign currency sales	0	-	0	**0**	-	-	-	**0**
Foreign currency options	0	-	0	**0**	-	-	-	**0**
Asset derivative instruments	**1**	**279**	**264**	**545**	**0**	**17**	**283**	**301**
Currency swaps (with principal)	-	-	28	**28**	-	-	0	**0**
Currency swaps	26	158	180	**364**	25	272	302	**598**
Forward foreign currency purchases	-	-	-	**-**	-	-	-	**0**
Forward foreign currency sales	-	-	-	**-**	-	-	-	**-**
Foreign currency options	-	-	-	**-**	-	-	-	**-**
Liability derivative instruments	**26**	**158**	**208**	**392**	**25**	**272**	**302**	**598**
Net foreign currency position	**-25**	**122**	**56**	**154**	**-25**	**-255**	**-18**	**-297**

20 Derivative financial instruments

As at 31 December 2010 and 2009, the nominal commitments and maturities of the different instruments subscribed are as follows:

20-1-1 Currency swaps with an underlying liability:

Nominal commitments received 31/12/2010												
in € millions	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	600	480	-	-	-	-	-	-	1,225	980
US dollar	200	150	220	165	-	-	-	-	-	-	100	75
Canadian dollar	-	-	-	-	-	-	-	-	150	113	-	-
Pound sterling	31	36	21	24	-	-	-	-	29	33	571	664
Yen	10,000	92	-	-	-	-	-	-	30,000	276	26,500	244
Australian dollar									200	152		
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	-	-	200	19	832	80	-	-	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total		**277**		**668**		**19**		**80**		**574**		**2,022**

Nominal commitments received 31/12/2009												
in € millions	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	-	-	600	404	-	-	-	-	1,125	758
US dollar	1,120	777	200	139	220	153	-	-	-	-	100	69
Canadian dollar	-	-	-	-	-	-	-	-	-	-	150	99
Pound sterling	150	169	31	34	21	23	-	-	-	-	600	676
Yen	-	-	10,000	75	-	-	-	-	-	-	56,500	424
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	72	6	0	0	-	-	200	18	832	74	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total		**953**		**248**		**580**		**18**		**74**		**2,087**

in € millions	Nominal commitments given 31/12/2010					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	295	613	22	73	502	2,065
Total	**295**	**613**	**22**	**73**	**502**	**2,065**

in € millions	Nominal commitments given 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	1,160	295	613	22	73	2,372
Total	**1,160**	**295**	**613**	**22**	**73**	**2,372**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	31/12/10		31/12/09	
	Interest flows received	Interest flows paid	Interest flows received	Interest flows paid
Less than 1 year	122	-58	134	-58
1 to 2 years	112	-52	102	-49
2 to 3 years	99	-48	94	-44
3 to 4 years	98	-48	82	-40
4 to 5 years	96	-45	81	-40
More than 5 years	678	-282	705	-273
Total	**1,206**	**-534**	**1,197**	**-504**

20-1-2 Currency swaps with an underlying asset

in € millions	Nominal commitments given 31/12/2010											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	600	480	-	-	-	-	-	-	-	-
US dollar	100	75	100	75	-	-	-	-	-	-	-	-
Canadian dollar	-	-	-	-	-	-	-	-	150	113	-	-
Pound sterling	-	-	-	-	-	-	-	-	-	-	-	-
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	-	-	200	19	-	-	-	-	-	-
Total		**75**		**555**		**19**		**0**		**113**		**0**

20 Derivative financial instruments

in € millions	Nominal commitments given 31/12/2009											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss franc	-	-	-	-	600	404	-	-	-	-	-	-
US dollar	550	382	100	69	100	69	-	-	-	-	-	-
Canadian dollar	-	-	-	-	-	-	-	-	-	-	150	99
Pound sterling	150	169	-	-	-	-	-	-	-	-	-	-
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	72	6	-	-	-	-	200	18	-	-	-	-
Total		**557**		**69**		**474**		**18**		**0**		**99**

in € millions	Nominal commitments received 31/12/2010					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	83	472	22	0	92	0
Total	**83**	**472**	**22**	**0**	**92**	**0**

in € millions	Nominal commitments received 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	687	83	472	22	-	92
Total	**687**	**83**	**472**	**22**	**0**	**92**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	31/12/10		31/12/09	
	Interest flows received	Interest flows paid	Interest flows received	Interest flows paid
Less than 1 year	7	-19	11	-40
1 to 2 years	4	-16	6	-17
2 to 3 years	1	-6	3	-14
3 to 4 years	1	-5	1	-5
4 to 5 years	0	-5	1	-5
More than 5 years	0	0	0	-5
Total	**13**	**-52**	**21**	**-86**

20-2 Interest rate derivatives

The Group operates in the interest rate swap and swaption market in order to manage its exposure to interest rate risk on borrowings. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

in € millions	Balance sheet fair value as at 31/12/2010				Balance sheet fair value as at 31/12/2009			
	Cash flow hedge	Fair value hedge	Trading	Total	Cash flow hedge	Fair value hedge	Trading	Total
Fixed-rate receiver swap	0	124	152	**276**	-	119	13	132
Fixed-rate payer swap	5	-	-5	**-1**	-	0	-1	-1
Index-based swap	-	-	4	**4**	-	-	11	11
Swaptions	0	-	2	**2**	0	-	-	0
Asset derivative instuments	**5**	**124**	**153**	**282**	**0**	**119**	**23**	**142**
Fixed-rate receiver swaps	0	0	0	**0**	117	-17	-7	94
Fixed-rate payer swaps	91	16	243	**350**	5	56	181	242
Index-based swaps	-	2	18	**20**	-	1	21	22
Swaptions	3	-	32	**35**	2	-	4	6
Liability derivative instruments	**95**	**18**	**293**	**405**	**123**	**40**	**200**	**363**
Net interest rate position	**-90**	**106**	**-139**	**-123**	**-123**	**79**	**-177**	**-221**

As at 31 December 2009 and 2008, the nominal value and maturities of the different instruments subscribed were as follows:

in € millions	31/12/10		31/12/09	
	Net long-term debt	Net short-term debt	Net long-term debt	Net short-term debt
Fixed-rate receiver swaps	3,033	3,609	2,508	1,962
Fixed-rate payer swaps	5,943	2,098	5,915	611
Index-based swaps	1,035	0	1,190	152
Swaptions	**0**	**0**	**82**	**4**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	Net interest flows 31/12/2010					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed-rate receiver swaps	72	75	72	72	74	644
Fixed-rate payer swaps	-145	-126	-100	-96	-88	-839
Index-based swaps	-1	-1	-1	-1	-1	-10
Swaptions	5	3	2	1	0	2
Total	**-69**	**-50**	**-28**	**-25**	**-14**	**-203**

in € millions	Net interest flows 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed-rate receiver swaps	83	75	76	73	73	681
Fixed-rate payer swaps	-197	-141	-112	-82	-78	-698
Index-based swaps	0	0	0	0	0	2
Swaptions	-2	-1	0	0	0	0
Total	**-116**	**-66**	**-36**	**-9**	**-5**	**-14**

21 MANAGING MARKET RISKS AND HEDGING

The management of market risks is governed by a general framework, approved by the SNCF Group Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

21-1 Management strategy

21-1-1 Interest rate risk management

The cost of long-term net indebtedness is optimised, with regard to interest rates, by managing the mix of fixed and floating rate borrowings. The Group uses firm and optional interest rate swap instruments within the limits defined, for SNCF, by the aforementioned general framework.

From an economic standpoint, fixed-rate net borrowings of the parent company represented 77.2% of total borrowings as at 31 December 2010, compared to 72% as at 31 December 2009. On the same basis, the cost of long-term net indebtedness was 3.35% for fiscal year 2010, compared to 3.75% for fiscal year 2009.

Sensitivity analysis:
Fixed-rate financial instruments recorded at amortised cost are not exposed to interest rate risk as defined by IFRS 7.

Floating-rate financial instruments not designated as hedged items in a cash flow hedging relationship are affected by fluctuations in market interest rates. As such, they are included in the analysis of the sensitivity of the Income statement.

In fair value hedges, changes in the fair value of hedging instruments and hedged items attributable to fluctuations in market interest rates, largely offset each other in the Income statement of the period. As such, these instruments are not exposed to interest rate risk.

Fluctuations in market interest rates impact the fair value of derivative financial instruments designated as hedging instruments in a cash flow hedging relationship. Such fluctuations are taken into account when assessing the sensitivity of equity.

Fluctuations in market interest rates impact the fair value of non-derivative financial instruments designated at fair value. Such fluctuations are taken into account when assessing the sensitivity of the Income statement.

Fluctuations in market interest rates impact the fair value of derivative financial instruments not participating in a hedging relationship as defined by IAS 39. Such fluctuations are taken into account when assessing the sensitivity of the Income statement.

From an accounting standpoint for the parent company, a 1% increase in the interest rate curve as at 31 December 2010 would have a positive impact of €179 million on Group net profit (positive impact of €138 million for 2009) and €35 million on equity (positive impact of €31 million for 2009).

This hypothetical increase of €179 million in Group net profit breaks down as follows:

– -€22 million on floating-rate financial instruments not designated as hedged instruments in a cash flow hedging relationship (-€28 million in 2009);

– +€28 million on liabilities designated at fair value (+€28 million in 2009);

– +€173 million on trading derivatives (+€138 million in 2009).

– In addition, the same increase in the interest rate curve would have a positive impact of €19 million on net short-term cash held by the parent company (positive impact of €18 million in 2009).

21-1-2 Foreign currency risk management

The commercial activities of the Group do not expose it to material foreign currency risk.

Excluding subsidiaries operating in their own country, Group indebtedness denominated in currencies other than the euro is managed in line with the acceptable risk limit defined, for SNCF, in the same general framework. The Group uses currency swaps for this purpose, generally set up when the borrowing is issued.

Foreign currency-denominated borrowings as at 31 December 2010, after hedging by currency swaps, represented 1.52% of total borrowings, compared to 1.13% as at 31 December 2009.

Given the small percentage of unhedged foreign currency denominated borrowings, net profit or loss is not, in the Group's opinion, sensitive to foreign currency risk.

21-1-3 Commodity risk management

The Group's production requirements expose it to the risk of fluctuations in the price of petroleum products. This risk is managed using firm and optional derivatives (swaps, options, caps, floors). The Group does not apply hedge accounting to these transactions.

For 2009, a 90% hedge of the forecast purchase volumes had been set up in the autumn of 2008.

For 2010, a hedge in the form of a monthly volume cap of 5,000 tonnes was set up beginning 1 June 2010.

For 2011, a hedge in the form of a monthly volume cap of 6,500 tonnes was set up.

21-1-4 Counterparty risk management

The main transactions which could generate counterparty risk are:

21-1-4-1 Financial investments

Cash and cash equivalents
Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money market mutual funds (UCITS). Given their short residual term and breakdown, no credit risk exposure is generated.

Portfolio of available-for-sale assets
In 2008, the Group created a portfolio of medium-term assets to hedge future investment costs. The portfolio is classified in available-for-sale assets *(see Note 9)*.

In 2009, a positive impact of 12 million was recognised in equity following the improvement in credit spreads. In 2010, the change was of little significance since equity had declined by €2 million. A change in the credit spreads of 0.50% would have further decreased the change in equity by -€2 million.

21-1-4-2 Derivatives

Derivative transactions seek to manage interest rate, foreign currency and commodity risk.

The aforementioned general framework defines, for the parent company, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties. Investment volume and term limits are also defined for each counterparty. The extent to which authorised limits are used, based on future payments or replacement costs, is measured daily and reported.

The counterparty approval procedure for derivative products also involves the signature of a framework agreement.
A collateral agreement is also signed with certain counterparties in order to limit counterparty risk.

21-1-5 Liquidity risk management

The parent company assures its daily liquidity through a commercial paper program capped at €3 billion, used in the amount of €1.14 billion as at 31 December 2010 (€0.56 billion as at 31 December 2009) and in the amount of €0.83 billion on average in 2010, compared to €0.79 billion in 2009.
The parent company also set up a Euro commercial paper programme in early 2009 for a maximum amount of €2 billion, used in the amount of €1.78 billion as at 31 December 2010 (€1.88 billion as at 31 December 2009) and in the amount of €1.72 billion on average in 2010 (€1.41 billion in 2009).
In addition, the parent company has bilateral credit lines of €940 million (€890 million in 2008). Total confirmed credit lines of the Group amount to €1,141 million (€914 million in 2009) and break down by maturity as follows:

in € millions	Total as at 31/12/2010	Maturity schedule < 1 year	> 5 years	
Confirmed credit line	1,141	251	890	0

in € millions	Total as at 31/12/2009	Maturity schedule < 1 year	> 5 years	
Confirmed credit line	914	658	256	0

The increase in the credit lines arises from the full consolidation of Groupe Keolis SAS for €193 million.

21-2 Cash flow hedges

The fair value of derivatives designated as cash flow hedges breaks down by hedged item as follows:

in € millions	Balance sheet fair value as at 31/12/2010	Maturity schedule < 1 year	1 to 5 years	> 5 years
Bonds	-	-	-	-
Non-bond borrowings	- 44	- 28	- 16	-
Finance lease obligations	- 63	- 26	- 37	-
Loans and receivables	- 7	- 0	- 7	-
Fair value of derivatives designated as cash flow hedges	**- 114**	**- 54**	**- 60**	**-**

in € millions	Balance sheet fair value as at 31/12/2009	Maturity schedule < 1 year	1 to 5 years	> 5 years
Bonds	-	-	-	-
Non-bond borrowings	-52	-4	-48	-
Finance lease obligations	-96	-31	-65	-
Loans and receivables	-	-	-	-
Fair value of derivatives designated as cash flow hedges	**-148**	**-35**	**-112**	**-**

The impact on equity, profit or loss for the period and reserves breaks down as follows:

in € millions	Transferable equity
Opening balance (01/01/2010)	-130
Transferred to profit or loss	-10
Changes in effective portion	56
Changes in value of available-for-sale assets	13
Closing balance (31/12/2010)	-71

In 2010, a deferred tax charge of €5 million was offset in equity with respect to changes in the effective value. In relation to total recyclable equity, Group share, in 2010, the change in fair value of cash flow hedges net of deferred tax amounted to €40 million.

in € millions	Transferable equity
Opening balance (01/01/2009)	-149
Transferred to profit or loss	-9
Changes in effective portion	15
Changes in value of available-for-sale assets	13
Closing balance (31/12/2009)	-130

In 2009, a deferred tax asset for €6 million was offset in equity with respect to changes in the effective value. The change in fair value net of deferred tax is negative at -€1 million over 2009.

21-3 Fair value hedges

Asset and liability items hedged as to fair value are initially recorded at amortised cost and subsequently remeasured at each balance sheet date based on the fair value of the risk hedged. Fair value gains and losses on the hedged risk are offset, except for the ineffective portion, by gains and losses on the hedging derivative.

in € millions	Value difference as at 01/01/10	Change in fair value	Reclassification of transactions no longer meeting qualification criteria	Value difference as at 31/12/10
Bonds	160	-409	40	-209
Non-bond borrowings	-	-	-	-
Finance lease obligations	-	-	-	-
RFF receivable	14	-16	2	-
Other financial assets	20	-3	-5	12
Total	**193**	**-429**	**38**	**-197**
Hedging derivatives	**-176**	**439**	**-35**	**228**
Ineffectiveness		**10**		

in € millions	Value difference as at 01/01/09	Change in fair value	Reclassification of transactions no longer meeting qualification criteria	Accrued interest as at 31/12/09	Value difference as at 31/12/09
Bonds	140	16	3		160
Non-bond borrowings	-	-	-		-
Finance lease obligations	-	-	-		-
RFF receivable	22	-8	-		14
Other financial assets	18	2	-		20
Total	**180**	**10**	**3**		**193**
Hedging derivatives	**-222**	**-2**	**-9**	**58**	**-176**
Ineffectiveness		**7**			

22 OPERATING PAYABLES AND OTHER ACCOUNTS IN CREDIT

Operating payables break down as follows:

in € millions	31/12/10	31/12/09	Change
Trade payables and related accounts	4,303	3,738	565
o/w amounts payable to suppliers of PP&E	*335*	*496*	*-160*
Payments received on account for orders	381	242	139
o/w advances received on sales of PP&E	*14*	*6*	*9*
Employee-related liabilities	2,329	1,870	459
Amounts payable to the French State and local authorities	1,250	994	256
Other operating payables	455	400	55
Deferred income	1,478	1,242	236
Total operating payables	**10,196**	**8,485**	**1,711**

Due to the change in presentation described in *Note 1.3.1*, investment grants are now deducted from assets and no longer presented in operating payables. This change reduced total operating payables by €7,864 million as at 31 December 2010 (€7,608 million as at 31 December 2009).

Of the advances received on sales of PP&E at the 2009 year-end, €180 million concerned payments receivable for subsidised rolling stock. As these advances in substance represented investment grants for €180 million, they too were reclassified and deducted from the corresponding assets. In addition, €133 million concerning the settlement of operating receivables was reclassified and deducted from amounts receivable from the French State and local authorities for €73 million and other operating receivables for €60 million.

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

in € millions	31/12/10	31/12/09
Assets classified as held for sale	337	1
Liabilities relating to assets classified as held for sale	372	6
Net impact on balance sheet	**-35**	**-5**

As at 31 December 2010, assets classified as held for sale concern the planned sale of the subsidiary SeaFrance.

On 28 September 2010, the Group announced its intention to sell its stake in the subsidiary SeaFrance. The plan calls for t he selection of an acquirer that can contribute to the company's turnaround and take advantage of its leading position in the area of cross-Channel traffic. As at 31 December 2010, SeaFrance was classified as a discontinued operation. The subsidiary's results over the period are as follows:

in € millions	31/12/10	31/12/09
Income	169	177
Expenses	-243	-242
Operating profit/(loss)	-71	-59
Finance costs	-11	-8
Impairment recognised following measurement at fair value less costs to sell	-158	0
Net profit/(loss) of discontinued operations	-240	0
Income tax	0	0
Post-tax profit/(loss) of discontinued operations	**-240**	**0**

As at 31 December 2010, the main asset and liability categories of SeaFrance classified as held for sale are as follows:

in € millions	31/12/10
Intangible assets and property, plant and equipment	59
Deferred tax assets	1
Inventories and work-in-progress	4
Operating receivables	30
Financial assets	218
Cash and cash equivalents	23
Assets classified as held for sale	**335**

in € millions	31/12/10
Employee commitments	5
Provisions	36
Financial liabilities	241
Operating payables	86
Liabilities associated with assets classified as held for sale	**368**

The subsidiary's net cash flows over the year were as follows:

in € millions	31/12/10	31/12/09
Net cash from operating activities	-32	-15
Net cash used in investing activities	4	3
Net cash from financing activities	-18	-18
Net increase/(decrease) in cash	**-45**	**-30**

Prior to classification as held for sale, a provision and asset impairment were recognised for €194 million given the financial position.

The charge impacts the results of Common Operations and Investments and is presented in Net profit from discontinued operations in the consolidated income statement.

24 SEGMENT REPORTING

Operating income segment reporting is as follows:

31/12/10 in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter-division	Total
External revenue	4,659	10,250	6,396	8,658	212	290		30,466
Internal revenue	523	520	821	232	922	4,731	-7,748	
Revenue	**5,182**	**10,770**	**7,217**	**8,890**	**1,134**	**5,021**	**-7,748**	**30,466**
Gross profit	**136**	**588**	**915**	**104**	**175**	**244**		**2,163**
Current operating profit/(loss)	**130**	**156**	**535**	**-287**	**76**	**-79**		**531**
Operating profit/(loss)	**52**	**441**	**1,018**	**-327**	**80**	**146**		**1,409**
Depreciation and amortisation	-7	-440	-368	-357	-89	-274		-1,534
Net charges to provisions	1	8	-13	-35	-10	-50		-97
Impairment losses	-79	142	210	-236	0	-14		23

24 Segment reporting

The SNCF Group activity is organised as indicated in *Note 4.17.* As of 1 January 2010, stations are managed in a separate division in the same manner as the four other divisions. A fifth division, comprising an operating segment called "Gares & Connexions" (Stations and Staging Points), thus saw the light of day on 1 January 2010. Segment reporting necessary for the presentation of prior data using the same segment bases is unavailable *(see Note 2.1).* The results for the 2010 fiscal year are presented according to the new structure, whereas the results for 2009 are presented using the former structure.

31/12/09 in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Common operations	Inter-division	Total
External revenue	4,551	6,402	6,285	7,157	487		24,882
Internal revenue	595	178	1,091	220	4,288	-6,372	
Revenue	**5,146**	**6,579**	**7,376**	**7,377**	**4,775**	**-6,372**	**24,882**
Gross profit/(loss)	**-92**	**302**	**1,151**	**-49**	**376**		**1,688**
Current operating profit/(loss)	**-134**	**-25**	**707**	**-420**	**17**		**145**
Operating profit/(loss)	**-378**	**-50**	**691**	**-912**	**188**		**-460**
Depreciation and amortisation	-12	-336	-423	-307	-266		-1,344
Net charges to provisions	-30	9	-22	-64	-93		-200
Impairment losses	-245	-36	-8	-736	-12		-1,037

Changes in operating profit between 2010 and 2009 within the SNCF Proximités, SNCF Geodis and SNCF Voyages divisions largely stem from, respectively, the full consolidation of Keolis *(see Note 3.2)* and Ermewa *(see Note 3.1)* and the proportional consolidation of EIL *(see Note 3.3).* Adjusted for the impacts of the creation of the Gares & Connexions division and the consolidation of Keolis, revenue of the SNCF Proximités division increased by €173 million (+2.6%), that of SNCF Voyages by €295 million (+4%) while that of SNCF Infra by €49 million (+1%).

Only transactions with RFF represent more than 10% of Group revenue. These transactions essentially take place within the division and a breakdown is provided in *Note 33.3.*

Total segment assets break down as follows by division:

31/12/10 in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Gares & Connexions	Common operations	Inter-division	Total
Total segment assets	**1,868**	**11,653**	**6,938**	**6,636**	**2,612**	**6,053**	**-521**	**35,239**
Investment grants	-19	-6,453	-105	-56	-922	-310		-7,864
Total segment assets net of grants	1,850	5,200	6,833	6,580	1,691	5,743	-521	27,376
of which: Goodwill, PP&E and intangible assets and concession infrastructures net of grants)	*29*	*3,986*	*6,148*	*4,244*	*1,574*	*4,032*		*20,013*

31/12/09 in € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Common operations	Inter-division	Total
Total segment assets	**1,904**	**10,256**	**7,710**	**5,585**	**5,948**	**-89**	**31,314**
Investment grants	-18	-6,741	-522	-22	-305		-7,607
Total segment assets net of grants	1,886	3,515	7,188	5,563	5,643	-89	23,706
of which: Goodwill, PP&E and intangible assets and concession infrastructures net of grants)	*29*	*2,757*	*6,542*	*3,436*	*4,193*		*16,958*

Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary information is unavailable and the cost to prepare it would be excessive.

Liabilities, income tax expense, and interest income and expense are not monitored by the main operational decision-maker.

25 PURCHASES AND EXTERNAL CHARGES

Purchases, sub-contracting and other external charges break down as follows as at 31 December 2010:

in € millions	31/12/10	31/12/09	Change
Sub-contracting	-4,974	-3,998	-975
Infrastructure fees[1]	-3,679	-3,190	-489
Other purchases and external charges	-6,572	-4,800	-1,772
Total purchases and external charges	**-15,224**	**-11,988**	**-3,237**

(1) Infrastructure fees invoiced by RFF and Eurotunnel

The Keolis and Ermewa business combinations and the joint takeover of EIL *(see Notes 2 and 3)* contributed to the increase in purchases and external charges for €1,458 million.

26 EMPLOYEE BENEFITS EXPENSE AND HEADCOUNT

As at 31 December 2010, the employee benefits expense and headcount break down as follows:

in € millions	31/12/10	31/12/09	Change
Wages and salaries	-11,940	-10,079	-1,860
Other employee benefits	9	-262	271
Profit-sharing and incentive schemes	-32	-18	-14
Stock options	0	0	0
Seconded and temporary employees	-192	-55	-136
Total employee benefits expense	**-12,154**	**-10,415**	**-1,740**
Average number of full-time employees	**240,978**	**200,097**	**40,881**

The Keolis and Ermewa business combinations and the joint takeover of EIL *(see Notes 2 and 3)* contributed to the increase in the employee benefits expense for €1,894 million.

The impact of the reverse discounting of employee obligations in liabilities is recorded in finance costs under the heading Finance cost of employee benefits *(see Note 17)*.

27 DEPRECIATION AND AMORTISATION

The charge to depreciation and amortisation net of grant reversals as at 31 December 2010 breaks down as follows:

in € millions	31/12/10	31/12/09	Change
Depreciation and amortisation	-1,885	-1,741	-144
Grants released to profit or loss	350	397	-47
Depreciation and amortisation, net of grants	**-1,534**	**-1,344**	**-191**

Depreciation and amortisation concern:

- intangible assets in the amount of €196 million (€116 million in 2009);
- property, plant and equipment in the amount of €1,689 million (€1,625 million in 2009).

28 IMPAIRMENT LOSSES

The assumptions and CGUs adopted are presented in *Note 8*. The impacts on the income statement are as follows:

in € millions	31/12/10	31/12/09	Change
Intangible assets and property, plant and equipment	22	-783	804
Goodwill	-54	0	-54
Provisions for contingencies and losses	55	-254	310
Impairment losses	**23**	**-1,037**	**1,061**

28-1 SNCF Voyages – standard rolling stock (Corail, Elipsos)

All so-called standard rolling stock – Corail, Elipsos – was impaired as at 31 December 2009. A net impairment loss reversal in the amount of €210 million was recognised as at 31 December 2010 for the Teoz and Lunéa rolling stock excluding special trains and auto-trains (compared to an additional net impairment loss for €9 million in 2009). The reversal arises from the signature of the Trains d'équilibre du territoire agreement *(see Note 2.5)*.

28-2 SNCF Proximités – Intercités

All Intercités rolling stock was impaired as at 31 December 2009. A net impairment loss reversal in the amount of €146 million was recognised as at 31 December 2010 for Intercités rolling stock (compared to an additional net impairment loss for €33 million in 2009) following the signature of the Trains d'équilibre du territoire agreement *(see Note 2.5)*.

28-3 SNCF Infrastructure – Maintenance and engineering

The impairment loss recognised for SNCF Infrastructure as at 31 December 2009 amounted to €245 million. In the absence of any improvement, the assets of the Infrastructure CGU remain 100% impaired. An additional net impairment loss of €79 million was recorded in 2010, of which €20 million for rolling stock. At the 31 December 2010 year-end, all asset categories of this CGU had been 100% impaired.

28-4 SNCF Geodis – Fret SNCF Ferroviaire

Within the SNCF Geodis division, the Fret SNCF activity was broken down into five CGUs to reflect the new organisation set up as part of the master development plan released to the public in September 2009. The company's rolling stock is impaired based on usage:

— if the equipment has not been allocated or if the equipment's allocated CGU generates negative cash flows:

– 100% impairment of rolling stock that has no market value,

– Net carrying amount written down to the market value if the latter is lower;

— if the equipment's allocated CGU generates positive cash flows, the rolling stock is not impaired.

For the first half of 2010, the operational implementation of the master development plan revealed that the Multi-wagon/ Multi-customer activity could not be characterised as a CGU. The equipment of this activity and the Other products and special applications asset pool were re-allocated to other CGUs, which resulted in an additional impairment (including rolling stock in progress). In addition, a net contingency provision reversal was recognised for firm order commitments. The two combined impacts resulted in a net charge of €156 million. At this stage, the Group considers that this impairment level represents the best estimate of impairment losses to be recognised.
In addition, the spare parts inventory for Fret SNCF equipment was impaired for 70% of its value, i.e. €12 million as at 31 December 2009. An additional impairment of €14 million was recognised in 2010.

28-5 SNCF Geodis – Multimodal Transport/Rail Carriers

An impairment loss of €75 million was recognised for these CGUs, including €54 million for the goodwill allocated.

29 NET PROCEEDS FROM ASSET DISPOSALS

Asset disposals had the following impacts on profit or loss:

in € millions	31/12/10	31/12/09	Change
Disposal of intangible assets	-1	2	-2
Disposals of property, plant and equipment	255	431	-176
Disposals of investments	14	0	14
Total net proceeds from asset disposals	**268**	**432**	**-164**

Net proceeds from the disposal of property, plant and equipment essentially concerned real estate disposals (€122 million) and sales of high-tension lines to RTE (€80 million), while in 2009, the item corresponded to real estate sales, of which the Batignolles sites.

30 NET BORROWING COSTS

Net borrowing costs break down as follows:

in € millions	31/12/10	31/12/09	Change
Net changes in fair value and hedges	-28	79	-107
Interest expense	-275	-315	40
Other interest expense and income	-2	11	-13
Total	**-305**	**-226**	**-79**

in € millions	31/12/10	31/12/09	Change
Interest expense	-770	-790	20
Interest income	465	564	-100
Net borrowing costs and other	**-305**	**-226**	**-79**

Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

31 INCOME TAX EXPENSE

31-1 Analysis of the income tax expense

31-1-1 Tax in the income statement

in € millions	31/12/10	31/12/09	Change
Current tax (expense)/income	-117	-23	-94
Deferred tax (expense)/income	23	-182	205
Total	**-95**	**-205**	**111**

As at 31 December 2010, the current income tax expense rose by €75 million due to the recognition of the tax on railway company earnings *(see Note 1.1.2.4)*.

As at 31 December 2009, deferred tax assets for the parent company tax grouping regime were impaired by €200 million, falling to €968 million.

31-1-2 Tax in comprehensive income

In 2010, a deferred tax charge of €5 million was recognised in other comprehensive income mainly regarding the changes in the effective value of cash flow hedges.

In 2009, a deferred tax charge of €11 million was recognised in the comprehensive income statement. The item mainly related to changes in the effective value of cash flow hedges.

31-2 Tax proof

in € millions	31/12/10	31/12/09
Consolidated net profit/(loss) for the year	**722**	**-972**
Share of profit of associates	6	14
Net loss before tax of discontinued operations	-240	-17
Corporate income tax	-95	-205
Net profit/(loss) before tax from ordinary activities	**1,051**	**-763**
Income tax rate applicable in France	34.43%	34.43%
Theoretical income tax (expense)/income	**-362**	**263**
Permanent differences	52	-5
Capitalisation of prior year losses not capitalised	282	0
Tax losses and temporary differences of the period not capitalised	-41	-279
Impairment of deferred taxes previously capitalised	0	-200
Utilisation of tax losses and temporary differences not previously capitalised	5	4
Differences in tax rates and tax credits	-33	14
Income tax (expense)/income recorded	**-95**	**-205**
Effective tax rate	**9.00%**	**-26.85%**

31-3 Tax assets not recognised

SNCF opted for the tax grouping regime on 1 July 1988. As at 31 December 2010, the tax group comprised 244 subsidiaries, including SeaFrance, SNCF Participations, France Wagons and a certain number of French Geodis subsidiaries.

Group tax losses carried forward as at 31 December 2010 amounted to €5.6 billion, compared to €6.1 billion as at 31 December 2009. Tax assets not recognised at this date totalled €3 billion (€2.4 billion as at 31 December 2009).

31-4 Deferred tax recognised

in € millions	31/12/09	Net profit/ (loss)	Equity	Reclassification	Change in consolidation scope and foreign exchange	31/12/10
Tax losses carried forward	**2,169**	**- 196**	**0**	**- 44**	**75**	**2,005**
Employee benefits	387	- 0	1	- 13	26	401
Amortisation difference - overhaul component	- 201	45	- 9	- 1	- 27	- 192
Finance leases	- 26	- 1	- 0	- 1	- 13	- 40
Tax-driven provisions	- 48	- 11	-	- 0	- 21	- 80
Financial instruments	20	2	- 18	- 10	3	- 3
Remeasurement of identifiable assets and liabilities acquired in business combinations	-	13	- 1	- 31	- 257	- 275
Internal profits and losses	85	- 1	-	-	1	84
Total consolidation restatements	**217**	**47**	**- 27**	**- 56**	**- 288**	**- 106**
Non-deductible provisions and other tax differences	**917**	**- 42**	**954**	**21**	**- 90**	**1,758**
Deferred taxes not recognised	**- 2,406**	**215**	**- 933**	**39**	**54**	**- 3,032**
Net deferred taxes recognised	**896**	**23**	**- 5**	**- 39**	**- 250**	**625**
Deferred tax assets	992					1,094
Deferred tax liabilities	96					468
Deferred taxes net balance sheet position	**896**					**625**

32 OFF-BALANCE SHEET COMMITMENTS

Commitments given		31/12/10 Amount of commitments per period				31/12/09
		Total commitment	Less than 1 year	1 to 5 years	More than 5 years	Total commitment
Discounted notes not yet matured		0	0	0	0	0
Endorsements and guarantees	3	1,300	617	174	509	763
Guarantees given in respect of loans secured by employees	5	1,002	2	0	1,000	1,000
Rail equipment purchase commitments	1	6,383	1,323	4,937	123	5,858
Share purchase commitments	9	0	0	0	0	260
Other purchase commitments for operations	2	2,637	1,734	899	4	2,540
Equipment operating lease	6	1,570	426	921	223	287
Property operating lease	6	1,355	293	757	304	1,326
Security interests, pledges and collateral	7	404	13	9	382	722
Offers to sale - real estate		288	242	46	0	136
Investment call and put options	10	568	561	6	0	15
Regional investment commitment (TER)		0	0	0	0	0
Advances repayable to third parties		26	5	21	0	57
Forward currency purchases		0	0	0	0	0
Financial recovery clause		0	0	0	0	0
Capitalised export receivables		0	0	0	0	0
Trade receivables assigned		6	2	3	0	3
Other commitments given		143	81	31	31	45
Total commitments given		**15,680**	**5,300**	**7,804**	**2,576**	**13,016**

1. Commitments given concern firm orders for rolling stock. A contingency provision in respect of firm orders for Freight equipment was recorded for €75 million *(see Note 18)*. The €340 million increase was attributable to the commitment to renew Eurostar trains following the proportionate consolidation of EIL. Commitments received correspond to investment grants receivable from Regional authorities for ordered rolling stock (TER and Transilien).

2. Other operating purchase commitments given concern firm orders for contracts and various purchases (infrastructure, electricity, transport contracts, intellectual services, etc.). Other operating commitments given increased by €97 million. Commitments in the amount of €696 million involved rail and station access purchases arising from the full consolidation of Keolis. They were mainly offset by the decrease in energy purchases for the rest of the Group in the amount of €211 million, the decline in Transilien commitments relating to the 2008-2011 Four-Year Investment Plan for €178 million, and a reduction in capital expenditure on TER fixed installations for €105 million.

3. Guarantees given concern €57 million (€95 million in 2009) in guarantees granted by SNCF in respect of SOFIAP bank borrowings, and customs guarantees granted by Geodis in connection with its activity for €180 million (€190 million in 2009). Endorsements and guarantees also increased by €546 million following the full consolidation of Keolis.

4. Guarantees received concern €896 million in first-demand bank guarantees with company suppliers (€645 million as at 31 December 2009) and a joint and several first-demand counter-guarantee given to SNCF in respect of the loans granted to SOFIAP for €57 million (€95 million as at 31 December 2009). These guarantees correspond exactly to the guarantees given.

Commitments received		Total commitment	Amount of commitments per period: Less than 1 year	1 to 5 years	More than 5 years	31/12/10 Total commitment	31/12/09 Total commitment
Discounted notes not yet matured		0	0	0	0	0	
Endorsements and guarantees	4	1,050	162	878	10	759	
Guarantees given in respect of loans secured by employees		0	0	0	0	0	
Rail equipment purchase commitments	1	2,993	512	2,346	134	2,500	
Other purchase commitments for operations		950	356	391	203	1,027	
Equipment operating lease		37	9	26	2	0	
Property operating lease		148	20	81	47	209	
Security interests, pledges and collateral		1	0	1	0	1	
Unused credit lines	8	1,141	251	890	0	914	
Forward currency purchases		0	0	0	0	0	
Offers to sale - real estate		94	50	44	0	133	
Investment call and put options		6	6	0	0	0	
Other commitments received		201	101	75	26	131	
Total commitments received		**6,622**	**1,467**	**4,733**	**422**	**5,673**	

5. Total outstanding on guarantees given by SNCF in respect of real estate loans secured by employees. Statistically, guarantee calls are very limited.

6. Equipment and property operating leases increased by €1,312 million primarily due to the full consolidation of Keolis following its takeover by the Group. Leases contracted by Keolis subsidiaries solely relate to passenger road and rail transport equipment (buses and coaches) in the amount of €1,222 million.

7. Among the security interests and pledges:

– Securities pledge for the Ermewa group for €108 million (€89 million in 2009).

– The various Ermewa backed securities for bankers in the amount of €244 million in 2009 are no longer included in off-balance sheet commitments, since the corresponding borrowings are analysed within Group financial liabilities *(see Note 19)*. These secured borrowings totalled €288 million as at 31 December 2010.

– Pledge of NTV securities to creditors for €84 million (€84 million as at 31 December 2009) as a guarantee of NTV solvency until repayment of the financing.

– Security interests on rolling stock for €170 million (€258 million as at 31 December 2009) to secure a loan.

8. For the unused credit lines, *see Note 21.1.5.*

9. Share purchase commitments decreased by €260 million following the removal of the commitment to buy back Ermewa shares as the transaction was concluded on 2 February 2010 *(see Note 2.2)*.

10. Investment call and put options increased mainly due to the put option on shares granted by the Group to its partners in the joint takeover of EIL *(see Note 2.2)*.

32-1 Lease transactions

SNCF EPIC carried out transactions in the form rather than substance of a lease. These transactions comprised:

– the leasing of a qualified technological equipment network to a US lessor, who immediately sub-leases it to SNCF for a maximum period of 16 years. The assets in question are all the SNCF EPIC ticket sale and reservation equipment; or

– the sale of rolling stock (Corail Teoz cars, TGV trains, etc. commissioned or to be delivered, etc.) to an investor who immediately sub-leases it to SNCF EPIC for a determined period of 4 to 25 years according to the contracts;

– the leasing of rolling stock to a US lessor for a period of around 40 years, who immediately sub-leases it to SNCF EPIC for a period of 20 years.

In certain cases, the lessor is a fiscally transparent special entity created for this transaction that can only operate for this purpose.

During the sub-leasing (16 years) or leasing (4 to 25 years) periods, all payments made and received in connection with the lease offset each other and do not impact the financial statements, apart from the net profit recognised in the transaction period *(see Note 4.10)*. This profit corresponds to the retrocession of a portion of the tax deferral obtained by the investor. The asset sold or leased is maintained in the Group balance sheet.

At the end of the sub-leasing or leasing periods, SNCF EPIC has several options based on the type of transaction:

– exercise a purchase option at a pre-determined price, thus maintaining its initial profit,

– give the equipment to the lessor, who will use it for his own purpose,

– give the equipment to the lessor, for whom SNCF EPIC will act as market sales agent for the equipment, guaranteeing a sale price at least equal to the amount of the purchase option,

– resell the equipment on the lessor's behalf, for a resale commission.

The use, replacement, operation or definition of assets is in no way affected. The risks borne by SNCF EPIC are limited to equipment ownership, the risks generated by French law, and counterparty risks covered by collateralisation contracts.

32-2 Keolis

32-2-1 Procedures for the transfer or sale of Groupe Keolis SAS (formerly Kuvera Développement) securities

Kebexa Participations, AXA Private Equity, Caisse de Dépôt et Placement du Québec (CDPQ) and SNCF Participations signed a shareholders' agreement on 20 April 2007 defining the terms of governance of Kuvera Développement (now Groupe Keolis SAS) and procedures for the sale or transfer of securities. As part of the transfer of securities from the Effia Group (excluding Effia Services) to Groupe Keolis SAS on 4 February 2010, and following the removal of various conditions precedent, an amendment to the shareholders' agreement of 20 April 2007 entered into force. Groupe Keolis SAS is held by Kebexa Participations, SNCF Participations and the managers of the Keolis Group (the "Managers"). Kebexa Participations is itself held by AXA Private Equity and the Caisse de Dépôt et Placement du Québec.

The shareholders' agreement is valid until 19 April 2022. It will however cease to apply to any party on the sale of their Groupe Keolis SAS or Kebexa Participations securities and will automatically terminate in the event of an IPO by Groupe Keolis SAS or any Keolis Group company.

The following commitments were given under the shareholders' agreement, as modified by the amendment of 4 February 2010:

– 5-year lock-in period applicable to Kebexa Participations and Groupe Keolis SAS securities, from 20 April 2007 to 20 April 2012, except for transfers expressly authorised by the shareholders' agreement.

– after this period and for a period of 6 years, which is from 20 April 2012 to 20 April 2018, SNCF Participations irrevocably grants a purchase undertaking to Kebexa Participations covering all its Groupe Keolis SAS securities and exercisable in advance after the 31 December 2009 and 31 December 2010 year-ends if performance criteria are not satisfied (consolidated EBITDA). The exercise price will correspond to the market value (based on the enterprise value of Groupe Keolis SAS) at the exercise date. During the term of the purchase undertaking, a mechanism also exists should only one of the Kebexa shareholders wish to sell their investment.

From 1 January 2010 to 20 April 2018, Kebexa Participations irrevocably grants SNCF Participations a sale undertaking covering the sale of all its Groupe Keolis SAS securities. The sale undertaking may be exercised at any time by SNCF Participations. From 1 January 2010 to 20 April 2014, the exercise price of this promise shall correspond to the maximum between (i) the market value at the date of exercise and (ii) an amount calculated on the basis of a multiple of the initial investment of Kebexa Participations in Groupe Keolis SAS. Beyond 20 April 2014, the exercise price of the sale undertaking shall correspond to the market value at the exercise date. The market value shall be assessed by the investment banks mandated for this purpose.

– At the end of the lock-in period, which is from 20 April 2012, Kebexa Participations will hold joint pre-emption and sale rights in the event of a transfer by SNCF Participations of its Groupe Keolis SAS securities.

– At the end of the sale undertaking term, which is from 20 April 2018, SNCF Participations will hold a right of sale enforceable against Kebexa Participations and in the event of the sale by Kebexa Participations of its Groupe Keolis SAS securities, joint pre-emption and sale rights.

– Throughout the entire term of the shareholders' agreement, in the event of a change in control of one of the main shareholders of Kebexa Participations, a mechanism exists to enable SNCF Participations to purchase or have purchased the securities held by the shareholder having undergone a change in control.

– SNCF Participations may request a highly-reputed third party of its choice to take its place for the exercise of the purchase undertaking granted to Kebexa Participations or the sale undertaking granted by Kebexa Participations.

32-2-2 Dividend distribution commitments

In the shareholders' agreement, as modified by the amendment dated 4 February 2010, SNCF Participations, Kebexa Participations, AXA Private Equity and CDPQ undertook to approve at a shareholders' meeting the yearly distribution of a minimum dividend to be paid by Groupe Keolis SAS, subject to compliance with legal limits and certain financial criteria.

In addition, SNCF Participations holds Groupe Keolis SAS preference shares conferring preferential financial rights (amount of the preferred dividend and priority entitlement to any liquidation bonus on liquidation).

32-2-3 Relations with managers

As part of a shareholders' agreement signed by the Groupe Keolis SAS Managers and shareholders on 20 April 2007, as modified by the amendment dated 4 February 2010, SNCF Participations undertook the following commitments with respect to Managers for a period of 15 years:

– In the event of the transfer by Kebexa Participations, of all its Groupe Keolis SAS securities, SNCF Participations and Kebexa Participations will be entitled to require Managers to sell their Groupe Keolis SAS securities (shares and share subscription warrants).

– Managers grant SNCF Participations and Kebexa Participations a sale undertaking covering their Groupe Keolis SAS securities that must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations. The calculation of the sales price will depend on the date and reasons for the Managers' departure.

– SNCF Participations and Kebexa Participations grant Managers a purchase undertaking covering the entire term of the shareholders' agreement and their investment in Groupe Keolis SAS in the event of permanent disability or death. This undertaking must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations.

– In order to guarantee the repayment of a €7.3 million loan maturing 2016, granted by the Neuflize Bank OBC to the company representing Managers, SNCF Participations granted a partial purchase undertaking to this company covering Groupe Keolis SAS securities, which would enable it to repay this loan

and any corresponding interest. This undertaking may be exercised directly by the Neuflize Bank OBC if the loan is not paid on maturity. In return, the Neuflize Bank OBC granted a sales undertaking to SNCF Participations covering any securities that it may hold following the realisation of the pledge over Groupe Keolis SAS securities granted by Managers.

32-2-4 Pledges

In guarantee of the loan contract signed on 24 May 2007 by Groupe Keolis SAS, its subsidiary Keolis and a consortium of banks, as modified by several amendments, the last of which was dated 13 July 2010, concerning a amortisable loan for an initial principal amount of €395 million and the opening of revolving credit facilities for a total maximum amount of €200 million, the following collateral was pledged in favour of the financial institutions:

- pledge by Groupe Keolis SAS of its bank accounts
- pledge by Groupe Keolis SAS of Keolis securities
- pledge by Keolis of Keolis UK securities.

33 RELATED-PARTY TRANSACTIONS

SNCF EPIC, as an industrial and commercial public institution wholly owned by the French State (via the French Government Shareholding Agency), is related, within the meaning of IAS 24, Related Party Disclosures, to all companies and entities controlled by the French State.

As the ultimate objective of IAS 24 is to draw the attention of financial statement users to the terms and conditions of transactions not forming part of normal business activities between the Group and third parties with which it has privileged relations, the Group has excluded from related party disclosures all transactions entered into on an arm's length basis.

SNCF Group has identified the following related parties:

- the French State for all relations with it in its role as shareholder; conversely, taxes paid pursuant to ordinary law are excluded from the scope of related party transactions;
- transport organising authorities;
- RFF;
- ICF group ESH low-rental housing companies.

33-1 Transactions with the French state

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport organising authorities, not governed by ordinary law.

33-1-1 Public assistance

Public assistance granted to SNCF Group by the State and local communities is presented in the following table:

in € millions	31/12/10	31/12/09
Operating grants received	59	42
Total French state (central)	**59**	**42**

33-1-2 Grants received

SNCF Group receives investment grants in the form of third-party financing, primarily from local authorities, for TER rolling stock.

Investment grants are deducted from the related assets. Grants relating to intangible assets and property, plant and equipment are recorded in profit under depreciation and amortisation based on the estimated useful life of the related assets. Investment grants relating to concession financial assets are classified as a repayment term of such assets.

in € millions	31/12/10	31/12/09
Investment grants relating to concession financial assets	234	1,023
Investment grants relating to intangible assets and property, plant and equipment	692	108
Total régions	**926**	**1,131**

33-2 Transactions with transport organising authorities

Services provided with transport organising authorities (including STIF) recorded in revenue amounted to €3,581 million for 2010, compared to €3,489 million in 2009.

33-3 Transactions with other state companies

Transactions between SNCF Group and other State companies (EDF, France Telecom, La Poste, etc.) are all performed on an arm's length basis, except for transactions entered into by mutual agreement with RFF, for whom SNCF currently remains one of its main customers.

All other transactions entered into by the Group with related parties are performed on an arm's length basis.

33-3-1 Balance sheet headings

in € millions	31/12/10	31/12/09
RFF net receivable[1]	392	1,147
RFF payables	156	444
RFF net balance sheet position	**236**	**703**

(1) Balance sheet headings excluding the financial receivable presented separately in balance sheet assets.

33-3-2 Income and expenses

in € millions	31/12/10	31/12/09
Revenue with RFF	4,411	4,333
Infrastructure fees paid on the French rail network[1]	3,119	3,026
Revenue net of infrastructure fees	**1,292**	**1,307**

(1) Including €2,920 million directly paid to RFF and €199 million through STIF.

As these transactions are between related parties owned by the French State, credit risk is considered nil. No doubtful receivables have been identified.

33-4 Transactions with ICF group ESH Low-rental housing companies

33-4-1 Balance sheet headings

in € millions	31/12/10	31/12/09
Current financial assets	37	3
Non-current financial assets	372	396
Current financial liabilities	48	49
Non-current financial liabilities	-	-
Related party net balance sheet position	**361**	**350**

Non-current financial assets primarily comprise building loans granted by SNCF and ICF to ESH subsidiaries and equity investments of the ESH subsidiaries. The latter amounted to €124 million, as in 2009, and are included in available-for-sale assets *(see Note 9)*.

Financial liabilities represent ESH subsidiary investments with ICF.

33-4-2 Income and expenses

Transactions with low-rental housing companies recorded in the income statement are not material.

33-5 Transactions with associates

Transactions with associates are not material.

34 MANAGEMENT COMPENSATION

The Group's key management personnel are members of the SNCF Group Executive Committee. Their cumulative taxable compensation is as follows:

	31/12/10	31/12/09	Change
Number of managers concerned	12	13	1
Average number of managers during the year	12	12	0
Total compensation in € million	**4**	**4**	**0**

35 LITIGATION AND DISPUTES

The Group is involved in a number of legal proceedings and disputes in the course of its operating activities, which are unresolved at the year-end. Provisions are recorded to cover the charges associated with these disputes where they are considered probable and can be quantified or estimated with reasonable accuracy.

35-1 Competition-related disputes

Karavel, Promovacances.com, Lastminute and Switch filed complaints with the French Competition Council on 5 August 2002, 25 June 2004 and 4 April 2007 respectively, with regard to on-line travel practices carried out by SNCF and Expédia.

Following proceedings during the summer of 2008 and the decision of SNCF not to challenge the grievances (article L. 462-2 III of the French Commercial Code), in addition to hearings before the French Competition Council on 2 and 9 December 2008, the Competition Council handed down its ruling on 5 February 2009. Under the ruling, SNCF was ordered to a pay a €5 million fine. The Council also acknowledged the commitments undertaken by SNCF, underlining in its press release that they would provide greater visibility to rail companies arriving on the market, subsequent to the opening of competition to international passenger transport.

SNCF did not appeal the ruling of the Competition Council, which was not the case with Expédia and Karavel. Accordingly, SNCF sought to obtain a voluntary joinder from the court on 10 April 2009. Such a procedure is initiated when the appeal could affect the rights and obligations of the other parties to the Competition Authority proceedings. The case was pleaded on 15 December 2009 and, on 23 February 2010, the Appeal Court confirmed the 5 February 2009 ruling of the Competition Council.

Expedia and Karavel appealed to the Court of Cassation against the Appeal Court's decision, and as with the initial appeal, SNCF joined the proceedings. The Court of Cassation should issue its decision in 2011. The two priority issues of constitutionality put forward by Karavel and Expedia were dismissed.

At the same time, Lastminute filed a lawsuit citing alleged damages with the Paris Trade Court in the amount of €27 million. The case was pleaded at the end of September with a judgment scheduled for 26 November.

On 6 August 2010, Karavel also filed a lawsuit with the Paris Trade Court claiming damages of just over €46 million against SNCF. This claim was rushed though as part of fast-track proceedings and an initial hearing took place before the Court on 20 September 2010. The case was then set aside for conclusions on 24 January 2011. At Karavel's request, the hearing for conclusions has been postponed to 7 March 2011.

36 SCOPE OF CONSOLIDATION

36-1 Number of consolidated companies

The number of companies consolidated by SNCF Group breaks down as follows:

	31/12/10	31/12/09	Change
Fully consolidated companies	841	515	326
Proportionately consolidated companies	72	78	-6
Equity-accounted companies	24	319	-295
Total scope of consolidation	**937**	**912**	**25**

The changes in equity-consolidated and fully-consolidated companies were mainly due to the takeover of Groupe Keolis SAS in the first half of 2010.

36-2 Detailed scope of consolidation

Consolidation methods:

FC: Full Consolidation

PC: Proportionate Consolidation

EA: Equity Accounted

NC: Not Consolidated

F: Company absorbed by another Group company

Percentage interest: share in the share capital of the consolidated company held by the consolidating company, either directly or indirectly.

Percentage control: percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
PARENT COMPANY						
SNCF	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF VOYAGES						
ALLEO	GERMANY	PC	50.00	50.00	50.00	50.00
Artesia	FRANCE	PC	50.00	50.00	50.00	50.00
Brit Cities Limited	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
CRM Services	FRANCE	FC	100.00	100.00	100.00	100.00
Elipsos	SPAIN	PC	50.00	50.00	50.00	50.00
Eurostar Express Limited	GREAT BRITAIN	PC	55.00	55.00	0.00	0.00
Eurostar Group	GREAT BRITAIN	PC	55.00	55.00	62.00	62.00
Eurostar International Ltd.	GREAT BRITAIN	PC	55.00	55.00	0.00	0.00
Eurostar International SA	FRANCE	PC	55.00	55.00	0.00	0.00
Eurostar International SPRL	BELGIUM	PC	55.00	55.00	0.00	0.00
Findworks Technologies	FRANCE	FC	83.71	83.71	0.00	0.00
Findworks Technologies Hungary	HUNGARY	FC	80.34	80.34	0.00	0.00
French Rail Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
French Railways Ltd. (FRL)	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
French Travel Service	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
GIE SysRailData	FRANCE	FC	100.00	100.00	100.00	100.00
IDTGV	FRANCE	FC	100.00	100.00	100.00	100.00
Intercapital Regional Rail Ltd.	GREAT BRITAIN	EA	35.00	35.00	35.00	35.00
L'Agence voyages-sncf.com	FRANCE	FC	50,10	50.10	50.10	50.10
Lyria	FRANCE	PC	74.00	74.00	74.00	74.00
NTV	FRANCE	EA	20.00	20.00	20.00	20.00
Rail Europe Benelux	BELGIUM	FC	100.00	100.00	100.00	100.00
Rail Europe Deutschland	GERMANY	FC	100.00	100.00	100.00	100.00
Rail Europe Espana	SPAIN	FC	100.00	100.00	100.00	100.00
Rail Europe Group Limited	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Rail Europe Inc.	UNITED STATES	FC	88.00	88.00	88.00	88.00
Rail Europe Italia	ITALY	FC	100.00	100.00	100.00	100.00
Rail Europe Limited	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Rail Europe Suisse	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Rail Solutions SAS	FRANCE	FC	100.00	100.00	100.00	100.00
RailLink bv	NETHERLANDS	EA	25.00	25.00	25.00	25.00
Railteam bv	NETHERLANDS	EA	25.00	25.00	25.00	25.00
RE 4A	FRANCE	PC	50.00	50.00	50.00	50.00
SNCF America Inc.	UNITED STATES	FC	100.00	100.00	0.00	0.00
SVD SAS	FRANCE	FC	100.00	100.00	100.00	100.00
SVI srl	ITALY	FC	100.00	100.00	100.00	100.00
Thalys International	BELGIUM	PC	62.00	62.00	62.00	62.00
Transmanche Night Travel Ltd. (TNTL)	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
VFE e-commerce	FRANCE	FC	100.00	100.00	100.00	100.00
voyages-sncf.com	FRANCE	FC	100.00	100.00	100.00	100.00
VSC Technologies	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF INFRA						
4051726 Canada Inc.	CANADA	NC	0.00	0.00	39.86	28.59
Canarail consultant	CANADA	PC	39.86	28.49	39.86	28.49
Citilabs Inc.	UNITED STATES	PC	50.00	34.82	50.00	34.82
Citilabs Ltd.	GREAT BRITAIN	PC	50.00	34.82	50.00	34.82
Consulcio Consultor Systra / Cade Idepe / Geoconsult	CHILE	PC	20.00	14.35	20.00	14.35
Financière Systra	FRANCE	PC	50.00	50.00	50.00	50.00
Foncière du Coq	FRANCE	PC	50.00	35.87	50.00	35.87
INEXIA	FRANCE	FC	100.00	100.00	100.00	100.00
INEXIA - AFACOR	FRANCE	FC	100.00	100.00	0.00	0.00
Menighetti	FRANCE	FC	100.00	100.00	100.00	100.00
Mexistra	MEXICO	PC	50.00	35.87	50.00	35.87
MVA Asia	HONG KONG	PC	50.00	35.87	50.00	35.87
MVA Beijing	CHINA	EA	25.00	17.93	25.00	17.93
MVA Consulting Group	GREAT BRITAIN	PC	50.00	35.87	50.00	35.87
MVA Hong Kong Limited	HONG KONG	PC	50.00	35.87	50.00	35.87
MVA limited	GREAT BRITAIN	PC	50.00	35.87	50.00	35.87
MVA Shenzen	CHINA	PC	50.00	35.87	50.00	35.87
MVA Singapour	SINGAPORE	PC	50.00	35.87	50.00	35.87
MVA Thaïlande	THAILAND	PC	49.99	35.86	49.99	35.86
RWPM Saoudi Arabia	SAUDI ARABIA	PC	21.75	13.85	21.75	13.85
SNCF International	FRANCE	FC	100.00	100.00	100.00	100.00
SNSR-PMA JV Saoudi Arabia	SAUDI ARABIA	PC	21.75	13.85	21.75	13.85
SOGET	UNITED STATES	PC	50.00	35.87	50.00	35.87
SOTEC Ingéniérie	FRANCE	PC	32.50	23.31	32.50	23.31
Systra (Shangai) Consulting Co Ltd.	CHINA	PC	50.00	35.87	50.00	35.87
Systra Algérie	ALGERIA	PC	50.00	35.75	50.00	35.75
Systra Asia Pacific Ltd.	HONG KONG	PC	45.00	32.28	45.00	32.28
Systra Consulting	UNITED STATES	PC	50.00	35.87	50.00	35.87
Systra Inc.	UNITED STATES	PC	50.00	35.87	50.00	35.87
Systra India	INDIA	PC	50.00	35.87	50.00	35.87
Systra Ingeneria SL	SPAIN	PC	47.50	34.07	47.50	34.07
Systra Ltd.	GREAT BRITAIN	PC	50.00	35.87	50.00	35.87
Systra Maroc	MOROCCO	PC	49.90	35,79	49.90	35.79
Systra Mobility	UNITED STATES	PC	50.00	35.87	50.00	35.87
Systra Philippines	PHILIPPINES	PC	32.97	23.65	32.97	23.65
Systra SA	FRANCE	PC	50.00	35.87	50.00	35.87

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Systra Singapore Pte Ltd.	SINAGPORE	NC	0.00	0.00	50.00	35.87
Systra Sotecni S.p.A.	ITALY	PC	50.00	35.87	50.00	35.87
Systra Venezuela	VENEZUELA	PC	50.00	35.87	50.00	35.87
SYSTRACADE	CHILE	PC	25.00	17.93	25.00	17.93
Taylor Raynault Amar & Associate Ltd.	CANADA	NC	0.00	0.00	39.29	28.59
COMMON OPERATIONS AND INVESTMENTS						
Eco-Mobilité Partenaires SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Aménagement	FRANCE	FC	99.99	99.99	99.99	99.99
Espaces Ferroviaires Résidences du Rail	FRANCE	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Transactions	FRANCE	FC	100.00	100.00	100.00	100.00
EUROFIMA	SWITZERLAND	EA	22.60	22.60	22.60	22.60
GARE	FRANCE	FC	100.00	100.00	0.00	0.00
GIE Eurail Test	FRANCE	FC	90.00	90.00	90.00	90.00
Gie Financière Sceta	FRANCE	NC	0.00	0.00	100.00	94.84
ICF	FRANCE	FC	100.00	100.00	100.00	100.00
IMTS SAS	FRANCE	FC	100.00	100.00	100.00	100.00
NOVEDIS-ICF	FRANCE	FC	99.98	99.98	99.97	99.97
Orfea- SERHR	FRANCE	PC	50.00	50.00	50.00	50.00
S2FIT	FRANCE	FC	100.00	100.00	0.00	0.00
S2FIT1	FRANCE	FC	100.00	100.00	100.00	100.00
SARL Molière	FRANCE	FC	100.00	100.00	100.00	100.00
SCI du Cercle	FRANCE	FC	100.00	100.00	100.00	100.00
SCI La Chapelle	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Ney	FRANCE	FC	100.00	100.00	100.00	100.00
SeaFrance	FRANCE	FC	100.00	100.00	100.00	100.00
SNC Monceau	FRANCE	FC	100.00	100.00	100.00	100.00
SNC VEZELAY	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF Conseil	FRANCE	FC	100.00	100.00	100.00	100.00
SNCF Participations	FRANCE	FC	100.00	100.00	100.00	100.00
Société des Trains Expositions (STE)	FRANCE	FC	90.46	90.46	90.46	90.46
SPFRD	FRANCE	FC	100.00	100.00	100.00	100.00
Société Nationale d'Espaces Ferroviaires	FRANCE	FC	100.00	100.00	100.00	100.00
STELSIA	FRANCE	FC	100.00	100.00	0.00	0.00
Trans'actif Immobilier (ex-SNCF B6)	FRANCE	FC	100.00	100.00	0.00	0.00
SNCF PROXIMITÉS						
Aerobag	FRANCE	FC	31.96	56.53	20.59	45.28
Aerolignes	FRANCE	FC	56.53	56.53	45.38	45.28
Aerolis	FRANCE	FC	28.32	28.32	22.73	22.68
Aéroport Angers Marce	FRANCE	FC	56.53	56.53	45.38	45.28

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Aéroport de Troyes Barberey	FRANCE	FC	56.53	56.53	45.38	45.28
Aerosat	FRANCE	FC	48.05	48.05	38.57	38.49
Airelle	FRANCE	FC	56.53	56.53	45.38	45.28
ALPHACARS	FRANCE	FC	56.53	56.53	45.38	45.28
ALPHAMECA	FRANCE	FC	56.53	56.53	45.38	45.28
Athis Cars	FRANCE	FC	56.22	56.22	45.13	45.03
Autobus de Genval	BELGIUM	FC	56.53	56.53	45.38	32.13
Autobus Dony	BELGIUM	FC	56.53	56.53	45.38	45.28
Autobus Dujardin	BELGIUM	FC	56.53	56.53	45.38	32.08
Autobus Lienard	BELGIUM	FC	56.53	56.53	45.38	32.24
Autobussen Monserez-Verhenne	BELGIUM	FC	56.53	56.53	45.38	45.28
Autocars Charriere Fils	FRANCE	FC	56.25	56.25	45.15	45.05
Autocars Corre	FRANCE	NC	0.00	0.00	45.38	45.28
Autocars Delion SAS	FRANCE	FC	56.53	56.53	45.38	45.28
Autocars Jean Vandermeersch	BELGIUM	FC	56.53	56.53	45.38	45.28
Autocars Planche	FRANCE	FC	56.53	56.53	45.38	45.28
Autocars Roche	FRANCE	NC	0.00	0.00	45.38	45.28
Autocars Valenciennois	FRANCE	FC	54.27	54.27	43.56	43.47
Belbus	BELGIUM	FC	56.53	56.53	45.38	45.28
Brussels City Tours	BELGIUM	FC	28.27	28.27	22.69	16.04
Bus Immo	BELGIUM	FC	56.53	56.53	45.38	45.28
Keolis Sveridge	SWEDEN	FC	56.53	56.53	31.76	31.69
C.T.C.O.P.	FRANCE	PC	28.27	28.27	22.69	22.64
Caennaise de Services	FRANCE	FC	56.53	56.53	45.38	45.28
Canal TP	FRANCE	FC	56.53	56.53	100.00	86,34
Cardona-Deltenre	BELGIUM	FC	56.53	56.53	45.38	32,13
Cariane Adour	FRANCE	NC	0.00	0.00	45.38	45,27
Keolis Sud Lorraine	FRANCE	FC	56.53	56.53	45.38	45.28
Cariane Internationale Développement	BELGIUM	FC	56.53	56.53	45.38	45.28
Cariane Littoral	FRANCE	FC	56.53	56.53	45.38	45.28
Cariane Loiret	FRANCE	NC	0.00	0.00	45.38	45.27
Cariane Multimodal International	FRANCE	FC	56.53	56.53	45.38	45.28
Cars de Bordeaux	FRANCE	FC	56.53	56.53	45.38	45.28
Cars Planche	FRANCE	FC	56.53	56.53	45.38	45.28
Cie Tpts Méditerranéens	FRANCE	FC	56.25	56.25	45.15	45.05
CINTRA	BELGIUM	FC	56.53	56.53	45.38	32,08
CINTRAL	BELGIUM	FC	56.53	56.53	45.38	45.28
City Liner	BELGIUM	FC	56.30	56.30	45.20	32.00
City Trafik	DENMARK	FC	56.53	56.53	45.38	45.28
Citypendeln	SWEDEN	FC	56.53	56.53	45.38	45.28
Compagnie du Blanc Argent	FRANCE	FC	56.20	56.20	45.11	45.01
CSG Commuter Security	SWEDEN	FC	56.53	56.53	45.38	45.28

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Delion Tourisme	FRANCE	FC	56.53	56.53	45.38	45.28
Devillairs	FRANCE	FC	56.48	56.48	45.34	45.24
Drop & go EURL	FRANCE	FC	56.53	56.53	0.00	0.00
EFFIA Stationnement Grenoble	FRANCE	FC	56.53	56.53	0.00	0.00
Easybus	FRANCE	FC	56.53	56.53	45.38	45.28
EFFIA (holding)	FRANCE	FC	56.53	56.53	99.99	99.99
EFFIA Concessions	FRANCE	FC	56.53	56.53	100.00	99.99
EFFIA MTI	FRANCE	FC	56.53	56.53	100.00	99.99
EFFIA Services	FRANCE	FC	100.00	100.00	100.00	99.99
EFFIA Stationnement et Mobilité	FRANCE	FC	56.53	56.53	100.00	99.99
EFFIA Synergie	FRANCE	FC	56.53	56.53	100.00	99.99
EFFIA Transport	FRANCE	FC	56.53	56.53	100.00	99.99
Eltebe	BELGIUM	FC	56.53	56.53	45.38	45.28
Entreprise Charles Caron	FRANCE	FC	56.53	56.53	45.38	45.28
Entreprise Philippe Détré	FRANCE	NC	0.00	0.00	45.38	45.28
Établissement Via Autoroute	FRANCE	FC	56.53	56.53	45.28	45.28
Etasse Voyages	FRANCE	FC	56.53	56.53	45.38	45.28
Eurobahn Verkers Services Gmbh	GERMANY	FC	56.53	56.53	45.38	45.28
Eurobus Holding	BELGIUM	FC	50.89	56.53	28.94	32,07
Eurobussing Airport	BELGIUM	FC	56.53	56.53	45.38	32.08
Eurobussing Brussels	BELGIUM	FC	56.53	56.53	45.38	32.07
Eurobussing Vlaanderen	BELGIUM	FC	56.53	56.53	45.38	32.08
Eurobussing Wallonie	BELGIUM	FC	56.53	56.53	45.38	32.08
Extertalbahn	GERMANY	NC	0.00	0.00	34,03	33.96
First / Keolis Holdings Limited	GREAT BRITAIN	PC	25.44	25.44	20.42	20.38
First / Keolis Transpennine Holding Ltd.	GREAT BRITAIN	PC	25.44	25.44	20.42	20.38
First / Keolis Transpennine	GREAT BRITAIN	PC	25.44	25.44	20.42	20.38
Fjord1 Partner AS	NORWAY	FC	28.83	28.83	23.14	23.09
Flanders Bus	BELGIUM	FC	56.53	56.53	45.38	45.28
Flanders Coach Group	BELGIUM	FC	56.53	56.53	45.38	45.28
Garage du Perron	BEL GIUM	FC	56.38	56.38	45.25	32.02
Garrel et Navarre	FRANCE	FC	56.53	56.53	45.38	45.28
Gep Vidal	FRANCE	FC	56.52	56.52	45.37	45.27
GIE Centre Cars	FRANCE	NC	0.00	0.00	45.38	45.28
Gie Orset	FRANCE	FC	56.53	56.53	45.38	45.28
Gino Tours	BELGIUM	FC	56.53	56.53	45.38	45.28
Govia	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
Groupe Orleans Express	CANADA	FC	42.40	42.40	34.03	33.96
Heyerick	BELGIUM	FC	56.53	56.53	45.38	45.28
Institut Keolis	FRANCE	FC	56.53	56.53	45.38	45.28
Interhone	FRANCE	FC	56.53	56.53	45.38	45.28
Intrabus Orly	FRANCE	FC	56.53	56.53	45.38	45.28
Jobard et Cie	FRANCE	FC	56.53	56.53	45.38	45.28

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
KDR Victoria Pty Ltd.	AUSTRALIA	FC	28.83	28.83	23.14	23.09
Keolis	FRANCE	FC	56.53	56.53	45.28	45.28
Keolis Abbeville	FRANCE	FC	55.98	55.98	44.93	44.84
Keolis Agen	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Aix-les-Bains	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Alençon	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis America Inc.	UNITED STATES	FC	56.53	56.53	45.38	45.28
Keolis Angers	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Arles	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Armor	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Artois	FRANCE	FC	56.53	56.53	45,37	45.28
Keolis Atlantique	FRANCE	FC	56.53	56.53	45.37	45.27
Keolis Auch	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Aude	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Australie Pty	AUSTRALIA	FC	56.53	56.53	45.38	45.28
Keolis Bassin de Thau	FRANCE	FC	56.42	56.42	45.29	45.19
Keolis Besançon	FRANCE	FC	56.51	56.51	45.36	45.26
Keolis Blois	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Bordeaux	FRANCE	FC	56.52	56.52	45.37	45.27
Keolis Boulogne-sur-Mer	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Bourgogne	FRANCE	FC	55.96	55.96	44.92	44.83
Keolis Brest	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Caen	FRANCE	FC	55.85	55.85	44.83	44.74
Keolis Cahors	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Calvados	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Camargue	FRANCE	FC	56.51	56.51	45.36	45.27
Keolis Canada Inc.	CANADA	FC	56.53	56.53	45.38	45.28
Keolis Centre	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Châlons-en-Champagne	FRANCE	FC	54.95	54.95	44.11	44.01
Keolis Obernai	FRANCE	FC	56.53	56.53	0.00	0.00
Keolis Charente-Maritime	FRANCE	FC	53.78	53.78	43.17	43.08
Keolis Château-Thierry	FRANCE	FC	56.53	56.53	0.00	0.00
Keolis Chateauroux	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Châtellerault	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Chaumont	FRANCE	FC	56.53	56.53	0.00	0.00
Keolis Cherbourg	FRANCE	FC	56.48	56.48	45.31	45,21
Keolis Concarneau	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Conseil et Projets	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Deutschland Berlin	GERMANY	FC	56.53	56.53	45.38	45.28
Keolis Deutschland COKG	GERMANY	FC	56.53	56.53	45.38	45.28
Keolis Deutschland Verwaltung	GERMANY	FC	56.53	56.53	45.38	45.28
Keolis Dijon	FRANCE	FC	56.06	56.06	45.00	44.90
Keolis Drôme	FRANCE	FC	56.49	56.49	45.35	45.25

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis Drouais	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Émeraude	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis en Cévennes	FRANCE	FC	53.76	53.76	43.15	43.06
Keolis Espagne	SPAIN	FC	56.53	56.53	45.38	45.28
Keolis Eure	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Eure-et-Loir	FRANCE	FC	56.40	56.40	45.28	45.18
Keolis Garonne	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Gascogne	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Gironde	FRANCE	NC	0.00	0.00	45.28	45.28
Keolis Gironde (ex-SNCOA)	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Givors	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Grand Tarbes	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis La-Roche-sur-Yon	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Languedoc	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Laval	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Littoral	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Lorient	FRANCE	FC	56.49	56.49	45.34	45.25
Keolis Lyon	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Manche	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Maritime	FRANCE	FC	55.96	55.96	44.92	44.83
Keolis Maritime Brest	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Marmande	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Mobilité Hauts-de-Seine	FRANCE	FC	56.53	56.53	0.00	0.00
Keolis Mobilité Roissy	FRANCE	FC	56.53	56.53	0.00	0.00
Keolis Montargis	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Montélimar	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Montluçon	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Morlaix	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Narbonne	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Nederland Holding	NETHERLANDS	FC	56.53	56.53	0.00	0.00
Keolis Nevers	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Nordic	SWEDEN	FC	56.53	56.53	45.38	45.28
Keolis Oise	FRANCE	FC	56.53	56.53	45.37	45.27
Keolis Pays de Montbéliard	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Pays des Volcans	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Pays Nancéien	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Pays Normands	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis PMR Rhône	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Provence	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Pyrénées	FRANCE	FC	53.79	53.79	43.18	43.09
Keolis Quimper	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Rail Service America	UNITED STATES	FC	56.53	56.53	0.00	0.00
Keolis Rail Service Virginia	UNITED STATES	FC	56.53	56.53	0.00	0.00

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis Rennes	FRANCE	FC	56.44	56.44	45.30	45.21
Keolis Réseau Départemental Sud-Oise	FRANCE	FC	56.53	56.53	45.38	45.27
Keolis Saint-Brieuc	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Saint-Malo	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Saintes	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Seine-et-Eure	FRANCE	NC	0.00	0.00	45.38	45.28
Keolis Seine-Maritime	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Somme	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Sud Allier	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Tours	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis UK	GREAT BRITAIN	FC	56.53	56.53	45.38	45.28
Keolis Urbest	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Val d'Oise	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Val-de-Maine	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Val-de-Saône	FRANCE	FC	56.53	56,02	45.38	44.87
Keolis Vesoul	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Vichy	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Vlaanderen	BELGIUM	FC	56.53	56.53	45.38	45.28
Keolis Voyages	FRANCE	FC	56.53	56.53	45.38	45.28
Keolis Yvelines	FRANCE	FC	56.53	56.53	45.38	45.28
KTA	FRANCE	FC	56.53	56.53	45.38	45.28
Groupe Keolis SAS	FRANCE	FC	56.53	56.53	45.38	45.38
L.I.M. Collard-Lambert	BELGIUM	FC	56.53	56.53	45.38	32.08
Les Autobus d'Arcachon	FRANCE	FC	56.53	56.53	0.00	0.00
Les bus Boiens	FRANCE	FC	56.53	56.53	0.00	0.00
Les Cars de Camargue	FRANCE	NC	0.00	0.00	44.94	44.84
Les Cars du Bassin de Thau	FRANCE	FC	56.53	56.53	45.38	45.28
Les cars Roannais	FRANCE	FC	56.53	56.53	45.38	45.28
Les Cars Tixier	FRANCE	FC	56.53	56.53	45.38	45.28
Les Courriers Catalans	FRANCE	FC	56.53	56.53	45.37	45.28
Les Courriers d'Île-de-France	FRANCE	FC	56.52	56.52	45.37	45.27
Les Courriers Du Midi	FRANCE	FC	56.53	56.53	45,37	45.28
Keolis Trois Frontières	FRANCE	FC	56.53	56.53	45.38	45.28
Les Transports Dunois	FRANCE	FC	56.53	56.53	45.38	45.28
Loisirs et Voyages	FRANCE	FC	56.53	56.53	45.38	45.28
London Midland	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
London&South Eastern Railway - LSER	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
Lussiez Tourisme	FRANCE	FC	55.96	53.73	44.92	43.03
Luxbus	LUXEMBOURG	FC	56.53	56.53	45.38	45.28
Millau Cars	FRANCE	FC	56.45	56.45	45.32	45.22
Monnet Tourisme	FRANCE	FC	56.53	56.53	45.38	45.28
Monts Jura Autocars	FRANCE	FC	56.53	56.53	45.37	45.28
N.V. Autob. Bronckaers Hamont	BELGIUM	FC	56.53	56.53	45.38	45.28

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
N.V. Autobusbedrijf Bronckaers	BELGIUM	FC	56.53	56.53	45.38	45.28
N.V. Autobussen De Reyes	BELGIUM	FC	56.53	56.53	45.38	45.28
N.V. Garagebedrijf Bronckaers	BELGIUM	NC	0.00	0.00	45.38	45.28
Netlog	GERMANY	EA	18.65	18.65	14.97	14.94
New Southern Railway	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
NV Aotocars De Boeck	BELGIUM	FC	56.53	56.53	45.38	32.07
NV De Boeck Invest	BELGIUM	FC	56.53	56.53	45.38	32,07
Orgebus	FRANCE	PC	28.27	28.11	22.69	22.51
Pacific Car	FRANCE	FC	56.53	56.53	45.38	45.28
Passerelle CDG	FRANCE	EA	19.22	19.22	15.43	15.39
Prioris	FRANCE	FC	37.31	37.31	29.95	29.88
Prometro	PORTUGAL	EA	11.31	11.31	0.00	0.00
Quiberon Stationnement	FRANCE	FC	29.40	29.40	52.00	51.99
Ramoudt Tours	BELGIUM	FC	56.53	56.53	45.38	45.28
Reizen de Ra	BELGIUM	NC	0.00	0.00	45.38	45.28
Reniers & C°	BELGIUM	FC	28.28	28.28	22.70	22.65
Réseau en Vosges	FRANCE	FC	39.57	39.57	0.00	0.00
RITMx SAS	FRANCE	FC	100.00	97.30	100.00	97.30
S.A.D.A.R.	BELGIUM	FC	56.53	56.53	45.38	32.08
S.N.T. Comett	FRANCE	FC	56.53	56.53	45.38	45.28
S.T.2.L. Westell	FRANCE	FC	56.53	56.53	45.38	45.28
S.T.A. Chauny	FRANCE	PC	28.27	28.27	22.69	22.64
S.T.A.V.S.	FRANCE	NC	0.00	0.00	45.24	44.91
S.T.C. (Cagnes)	FRANCE	NC	0.00	0.00	45.34	45.24
S.T.E.F.I.M.	FRANCE	FC	56.53	56.53	45.38	45.28
S.T.U. Valentinois	FRANCE	FC	56.53	56.48	45.34	45.24
SA ABC Cars	BELGIUM	FC	56.53	56.53	45.38	32.08
SA Sap Drogoul	FRANCE	FC	56.06	56.06	45.00	44.90
SAP Cariane Provence	FRANCE	FC	56.46	56.46	45.32	45.22
Satracom	BELGIUM	FC	56.53	56.53	45.38	32.09
SCAC	FRANCE	FC	56.52	56.52	45.37	45.27
SCAC Bagnis	FRANCE	FC	28.83	28.82	23.14	23.09
SCE A14	FRANCE	FC	28,81	28.81	23.12	23.07
Scodec	FRANCE	EA	19.78	19.78	15.88	15.85
SEA Albert-Picardie	FRANCE	FC	28.80	28.80	23.11	23.06
Setver	FRANCE	FC	56.53	56.53	45.38	45.28
SFD	FRANCE	FC	56.53	56.53	45.38	45.28
Sivet Voyages	FRANCE	NC	0.00	0.00	45.38	45.28
Slivia Inc.	CANADA	PC	22.61	22.61	18.15	18.11
Société de Promotion et d'Exploitation de Parkings	FRANCE	PC	28.25	28.25	0.00	0.00
Société d'Exploitation de l'aéroport de Quimper Cornouaille	FRANCE	NC	0.00	0.00	22.69	22.64

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Société d'exploitation de l'aéroport d'Épinal-Mirecourt	FRANCE	FC	28.83	28.83	0.00	0.00
Société d'Exploitation de l'aéroport Dole Jura	FRANCE	FC	28.83	28.83	0.00	0.00
Société d'exploitation des Cars Coudert	FRANCE	FC	56.53	56.53	45.38	45.28
Société du Parc Lyon-Diderot	FRANCE	PC	28.27	28.27	0.00	0.00
Sodetrav	FRANCE	FC	53.74	53.74	43.14	43.05
SOFITRA	FRANCE	FC	56.53	56.53	45.38	45.28
SOMAP	FRANCE	FC	56.53	56.53	45.38	45.28
Sophibus	BELGIUM	FC	56.53	56.53	45.38	32.13
Sotragaume	BELGIUM	NC	0.00	0.00	45.38	32.07
Southern Railway Ltd.	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
SPRL Taxis Melkior	BELGIUM	FC	56.53	56.53	45.38	32.08
SPRL Truck Bus Repair	BELGIUM	FC	56.53	56.53	45.38	32.09
SPRL Voyages F. Lenoir	BELGIUM	FC	56.53	56.53	45.38	32.13
SPRL Voyages Frédéric Lenoir	BELGIUM	NC	0.00	0.00	45.38	32.09
STA	FRANCE	FC	56.53	56.53	45.38	45.28
STA Creilloise	FRANCE	FC	56.36	56.36	45.24	45.14
STCAR	FRANCE	FC	56.53	56.06	45.38	44.90
Société des transports urbains d'Oyonnax	FRANCE	FC	56.53	56.53	45.38	45.28
Société Expl. Étab. Lenegre	FRANCE	NC	0.00	0.00	45.38	45.28
Société Rennaise Tpts et Services	FRANCE	FC	56.53	56.53	45.38	45.28
Société Transports communauté urbaine d'Arras	FRANCE	FC	56.19	56.19	45.10	45.01
Société Transports Agglomération Chartraine	FRANCE	FC	56.53	56.53	45.38	45.28
Société Transports Commun Nimois	FRANCE	FC	56.53	56.53	45.38	45.28
Société Transports Robert	FRANCE	FC	56.44	56.44	45.30	45.21
Société Transports Services Aéroportuaires	FRANCE	FC	56.53	56.53	45.38	45.28
Strasb. d'Enlèv. et de Gard.	FRANCE	FC	56.53	56.53	100.00	99.99
STUV	FRANCE	NC	0.00	0.00	23.09	23.04
SVTU	FRANCE	FC	56.53	56.53	45.38	45.28
Syntus	NETHERLANDS	PC	28.27	28.27	22.69	22.64
T.C.M. Cars	BELGIUM	FC	56.53	56.53	45.38	32.08
T.I.C.E.	FRANCE	EA	10.60	10.60	8.51	8.49
T.S.B.	BELGIUM	NC	0.00	0.00	45.38	32.13
TDM	FRANCE	FC	56.53	56.53	45.38	45.28
Thameslink	GREAT BRITAIN	PC	19.79	19.79	15.88	15.85
Tixier Voyages	FRANCE	NC	0.00	0.00	45.38	45.28
Tourisme garage vermot	FRANCE	FC	56.51	56.50	45.36	45.26
TPR	FRANCE	FC	56.53	56.53	45.38	45.28
Transports de la Brière	FRANCE	FC	33.92	33.92	27.14	27.08
Transports Commun Métropole Lilloise	FRANCE	FC	56.53	56.53	45.37	45.28
Transports Evrard	FRANCE	FC	56.53	56.53	45.38	45.28
Train Bleu Saint-Marcellin	FRANCE	FC	56.53	56.53	45.38	45.28

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Trans Pistes	FRANCE	PC	22.61	22.61	18.15	18.11
Trans Val de Lys	FRANCE	FC	56.53	56.53	45.37	45.28
Transetude	FRANCE	FC	56.53	56.53	45.38	45.28
Transévry	FRANCE	PC	22.29	22.29	17.89	17.85
Transferis	FRANCE	PC	50.00	50.00	50.00	50.00
Transholding	FRANCE	NC	0.00	0.00	45.38	45.28
Transorly	FRANCE	NC	0.00	0.00	45.38	45.27
Transports George's	FRANCE	NC	0.00	0.00	45.38	45.28
Transports Lambin	BELGIUM	NC	0.00	0.00	45.38	32.18
Transports Penning	BELGIUM	FC	56.53	56.53	45.38	32.09
Transports Urbains de Reims	FRANCE	FC	55.67	55.67	44.69	44.59
Transroissy	FRANCE	FC	56.53	56.53	45.38	45.28
Transthermal	FRANCE	FC	56.53	56.53	45.38	45.28
Transtub	FRANCE	FC	56.46	56.46	45.32	45.22
Var Tour	FRANCE	FC	56.22	53.45	45.13	42.81
Via Autoroute	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Autocars Services	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Buchet	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Chargelègue	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Dourlens	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Lambin	BELGIUM	NC	0.00	0.00	45.38	32.21
Voyages Monnet	FRANCE	FC	56.53	56.53	45.38	45.28
Voyages Nicolay	BELGIUM	FC	56.53	56.53	45.38	32.11
VS Voyages	FRANCE	FC	56.53	56.53	45.38	45.28
VTS Roissy	FRANCE	FC	56.53	56.53	45.38	45.28
West Belgium Coach Company	BELGIUM	FC	56.53	56.53	45.38	45.28
SNCF GEODIS						
A.A.T.	FRANCE	FC	100.00	96.04	100.00	82.08
AFA	ITALY	PC	50.00	50.00	50.00	50.00
Agrofreight	AUSTRIA	EA	25.00	25.00	25.00	12.27
Aisne Express	FRANCE	FC	100.00	99.76	100.00	99.93
Akidis	FRANCE	PC	50.01	48.03	100.00	82.08
AKIEM	FRANCE	FC	100.00	100.00	100.00	100.00
ALLHAND Allgemeine Warenhendelsges, mbH	GERMANY	FC	100.00	100.00	100.00	100.00
Alpes Maritimes Express	FRANCE	FC	100.00	100.00	100.00	100.00
Arca	FRANCE	FC	100.00	100.00	100.00	100.00
Artois Express	FRANCE	FC	49.90	49.90	49.90	49.90
Ateliers d'Orval	FRANCE	FC	100.00	100.00	49.60	49.10
Autotrasporti Ribi S.p.A.	ITALY	FC	100.00	100.00	0.00	0.00
Aveyron Express	FRANCE	FC	100.00	100.00	100.00	100.00
Avirail	FRANCE	PC	50.00	50.00	0.00	0.00

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Barbour European Ltd.	GREAT BRITAIN	FC	100.00	100.00	0.00	0.00
Batrans	FRANCE	FC	100.00	96.04	100.00	82.08
BCB	GERMANY	FC	100.00	100.00	0.00	0.00
Blazy	FRANCE	FC	100.00	100.00	100.00	100.00
BM Chimie (ex-Innocenti)	FRANCE	FC	100.00	100.00	100.00	100.00
BM Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
BM Services	FRANCE	FC	100.00	100.00	100.00	100.00
BM Virolle	FRANCE	EA	35.50	35.50	35.50	35.50
Bouches du Rhône Express	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil (Holding)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Alimentaire (ex-Sotrago)	FRANCE	NC	0.00	0.00	100.00	100.00
Bourgey Montreuil Alsace	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Aquitaine (ex-Telf Lamaysouette)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Atlantique (ex-Transport Huet)	FRANCE	FC	99.97	99.97	99.97	99.97
Bourgey Montreuil Automotive Ouest	FRANCE	FC	0.00	0.00	100.00	100.00
Bourgey Montreuil Auvergne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Champagne Bourgogne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Deutschland	GERMANY	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Équipement 1	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Équipement 2	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Équipement 3	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Francilienne	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Ile-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Italia	ITALY	FC	99.75	99.75	99.75	99.75
Bourgey Montreuil Limousin (ex-SMC)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Lorraine (ex-Sotrameuse)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Multimodal	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Nord (ex-Transnord)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Presse (ex-Beugniet)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Provence	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Rhône-Alpes (ex-Foissin)	FRANCE	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Savoie (ex-BM Route)	FRANCE	FC	100.00	100.00	100.00	100.00
BSL S.p.a.	ITALY	FC	100.00	100.00	0.00	0.00
C.A.A.T.	FRANCE	FC	100.00	96.04	100.00	82.08
C.W.S.	FRANCE	NC	0.00	0.00	33.93	33.93
CADEFER	SPAIN	EA	20.00	20.00	20.00	20.00
Calberson Alsace	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Ardennes	FRANCE	FC	100.00	99.76	99.90	99.90
Calberson Armorique	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Aube	FRANCE	FC	0.00	0.00	100.00	99.76

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Calberson Autun	FRANCE	NC	0.00	0.00	100.00	100.00
Calberson Auvergne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Bretagne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Croatia - 4PL	CROATIA	FC	100.00	100.00	100.00	100.00
Calberson Eure-et-Loir	FRANCE	FC	99.04	99.04	99.04	99.04
Calberson Europe Ile-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Europe Nord	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Europe Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson F.M. (ex-Ferry Mougin)	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson GE	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Grèce	GREECE	FC	52.00	52.00	52.00	52.00
Calberson Hainaut	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Île-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson International	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Location	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Loiret	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Lorraine	FRANCE	FC	100.00	100.00	100.00	99.98
Calberson Méditerranée	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Moselle	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Oise	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Paris	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Paris Europe	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Picardie	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Romania (devise RON)	ROMANIA	FC	100.00	100.00	100.00	100.00
Calberson Romania (devise RON) - 4PL	ROMANIA	FC	100.00	100.00	100.00	100.00
Calberson Roussillon	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Seine-et-Marne	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Seine-Saint-Denis	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Sotrab	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Calberson Yvelines	FRANCE	FC	100.00	100.00	100.00	100.00
Calvados Express	FRANCE	FC	100.00	100.00	100.00	100.00
Cap Train Benelux BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Cap Train Deutschland	GERMANY	FC	100.00	100.00	0.00	0.00
Cap Train Italia	ITALY	FC	100.00	100.00	100.00	100.00
Cap Train Nederlands B.V.	NETHERLANDS	FC	100.00	100.00	0.00	0.00
Cap Train UK	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
CapTrain Romania	ROMANIA	FC	100.00	100.00	100.00	100.00
CapTrain Belgium	BELGIUM	FC	100.00	100.00	100.00	100.00
Car & Commercial	GREAT BRITAIN	FC	100.00	96.04	100.00	82.08

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Car & Commercial deliveries	GREAT BRITAIN	FC	100.00	96.04	100.00	82.08
Car & Commercial land	GREAT BRITAIN	FC	100.00	96.04	100.00	82.08
Cargo Docks	ITALY	FC	100.00	100.00	100.00	100.00
Cargo Link AB	SWEDEN	FC	93.89	93.89	93.89	93.89
CFD Industrie	FRANCE	FC	100.00	100.00	100.00	100.00
CferJ	FRANCE	FC	100.00	100.00	100.00	100.00
Chalenge International SA	FRANCE	FC	100.00	100.00	95.00	95.00
Challenge International Belgium	BELGIUM	FC	99.98	99.98	99.98	94.99
Challenge International Méditerranée	FRANCE	FC	100.00	100.00	100.00	95.00
Challenge Overseas Caraïbes	FRANCE	FC	65.98	65.98	65.98	62.68
Chaveneau Bernis Transport	FRANCE	FC	99.98	72.40	99.98	72.40
Chemfreight Gmbh	AUSTRIA	PC	50.00	50.00	24.80	24.55
Ciblex Belgique	BELGIUM	FC	100.00	100.00	0.00	0.00
Ciblex Financière	FRANCE	FC	100.00	100.00	0.00	0.00
Ciblex France	FRANCE	FC	100.00	100.00	0.00	0.00
Ciblex Pays-Bas	NETHERLANDS	FC	100.00	100.00	0.00	0.00
Cical	FRANCE	EA	49.98	49.98	24.79	18.40
Cobatrans	FRANCE	FC	96.00	92.20	96.00	78.80
Cofital	FRANCE	FC	100.00	96.04	100.00	82.08
Cogewip	FRANCE	FC	100.00	95.94	100.00	80.51
Combined Logistics (Hong Kong) Limited	CHINA	FC	100.00	100.00	100.00	100.00
Compagnie des Conteneurs Réservoirs	FRANCE	FC	99.97	99.97	49.60	49.08
Compagnie Modalohr Express Holding	FRANCE	FC	50.98	50.98	50.98	50.98
Coquelle Gourdin	FRANCE	FC	98.37	98.32	98.33	98.32
CTC	FRANCE	FC	95.00	95.00	73.07	66.38
DE	GERMANY	FC	65.00	65.00	0.00	0.00
Districhrono (Geodis)	FRANCE	FC	100.00	100.00	100.00	100.00
Drôme Express	FRANCE	FC	100.00	100.00	100.00	100.00
DUSOLIER 79 Express	FRANCE	FC	0.00	0.00	100.00	99.94
Dusolier Calberson	FRANCE	FC	99.94	99.94	99.94	99.94
Ecorail	FRANCE	FC	100.00	100.00	100.00	100.00
ECT	GERMANY	FC	100.00	71.07	0.00	0.00
Edifret	FRANCE	FC	100.00	100.00	100.00	100.00
Egerland France	FRANCE	FC	100.00	83.80	51.00	49.90
Egerland Lease	GERMANY	FC	100.00	19.20	0.00	0.00
Egerland Sud	GERMANY	FC	100.00	71.07	0.00	0.00
Ermechem	FRANCE	FC	100.00	100.00	99.96	99.96
Ermefret Berlin	GERMANY	FC	100.00	100.00	49.60	49.10
Ermefret Italie	ITALY	FC	100.00	100.00	66.23	65.90
Ermewa (Berlin)	GERMANY	FC	100.00	100.00	49.60	49.10
Ermewa (Genève)	SWITZERLAND	FC	100.00	100.00	49.60	49.10
Ermewa (Paris)	FRANCE	FC	100.00	100.00	49.60	49.10
Ermewa Ferroviaire	FRANCE	FC	100.00	100.00	49.60	49.10

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Ermewa France	FRANCE	FC	100.00	100.00	49.60	49.10
Ermewa Holding	FRANCE	FC	100.00	100.00	0.00	0.00
Ermewa Iberica	SPAIN	FC	100.00	100.00	49.60	49.10
Ermewa Intermodal	FRANCE	FC	100.00	100.00	49.60	49.10
Ermewa Interservices	FRANCE	FC	100.00	100.00	0.00	0.00
Ermewa investissements	FRANCE	FC	51.01	51.01	49.60	25.05
Euromatic Belgium	BELGIUM	FC	100.00	100.00	100.00	100.00
Eurotainer Asie	SINGAPORE	FC	100.00	100.00	49.60	49.10
Eurotainer Inc.	UNITED STATES	FC	100.00	100.00	49.60	49.10
Eurotainer SAS	FRANCE	FC	100.00	100.00	49.60	49.10
Eurotainer Shanghai	CHINA	FC	100.00	100.00	49.60	49.10
EVS	FRANCE	FC	65.08	65.08	34.79	36.09
Exceed AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Exceed Denmark A/S	DENMARK	FC	100.00	100.00	100.00	100.00
Exceed Finland Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Exceed Sweden AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Express Seine-et-Marne	FRANCE	FC	100.00	100.00	100.00	100.00
Férifos	FRANCE	FC	100.00	100.00	49.60	49.10
Feron de Clebsattel	FRANCE	FC	99.95	99.95	99.97	99.95
Ferrus Immo	FRANCE	FC	100.00	96.04	100.00	82.08
Financière Ermewa	SWITZERLAND	FC	98.99	98.99	49.60	49.10
Flandre Express	FRANCE	FC	100.00	100.00	100.00	100.00
Fondimare	FRANCE	FC	100.00	100.00	100.00	95.00
Fortec Distribution Network Ltd.	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
France Location Distribution	FRANCE	FC	100.00	100.00	100.00	100.00
France Toupie Location	FRANCE	FC	100.00	100.00	100.00	100.00
France Wagons	FRANCE	FC	100.00	100.00	100.00	100.00
Froidcombi	FRANCE	FC	49.00	49.00	49.00	49.00
FVE	GERMANY	FC	98.00	98.00	0.00	0.00
Gard Express	FRANCE	FC	100.00	100.00	100.00	100.00
Gemafer	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive Est	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Automotive Nord	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis BM Netherlands BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis BM Rakotrans	CZECH REPUBLIC	FC	52.00	52.00	52.00	52.00
Geodis BM Réseau	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis BM Unitrans	POLAND	NC	0.00	0.00	100.00	100.00
Geodis Brock	NEW CALEDONIA	FC	99.80	99.80	0.00	0.00
Geodis Calberson Finland Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson Aquitaine	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Calberson Bosphorus Lojistik A.S.	TURKEY	FC	100.00	100.00	100.00	100.00
Geodis Calberson Hungaria 4PL	HUNGARY	FC	100.00	100.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Calberson Hungaria Kft	HUNGARY	FC	100.00	100.00	100.00	100.00
Geodis Calberson midi Pyrénées	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Calberson Paris Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Calberson Polska	POLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson Polska SP zoo	POLAND	FC	0.00	0.00	100.00	100.00
Geodis Calberson Polska SP zoo 4PL	POLAND	FC	100.00	100.00	100.00	100.00
Geodis Calberson RUS	RUSSIA	FC	100.00	100.00	100.00	100.00
Geodis Calberson Russia 3PL	RUSSIA	FC	100.00	100.00	0.00	0.00
Geodis Calberson s.r.o.	CZECH REPUBLIC	FC	100.00	100.00	100.00	100.00
Geodis Calberson s.r.o. 4PL	CZECH REPUBLIC	FC	100.00	100.00	100.00	100.00
Geodis Calberson Slovensko 4PL	SLOVAKIA	FC	100.00	100.00	100.00	100.00
Geodis Calberson Slovensko s.r.o. (Euro)	SLOVAKIA	FC	100.00	100.00	100.00	100.00
Geodis Deutschland Logistique contractuelle	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Division Messagerie Services	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Euromatic	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Freight Forwarding	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Freight Management	FRANCE	FC	0.00	0.00	100.00	100.00
Geodis Gestion Immobilière	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Global Lojistik Hizmeller	TURKEY	FC	100.00	100.00	100.00	100.00
Geodis Global Solution Ireland	IRELAND	FC	100.00	100.00	100.00	100.00
Geodis Global Solution Israel	ISRAEL	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Argentina	ARGENTINA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Argentina (Ecuador)	ECUADOR	FC	100.00	100.00	0.00	0.00
Geodis Global Solutions Argentina (Uruguay)	URUGUAY	FC	100.00	100.00	0.00	0.00
Geodis Global Solutions Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Austria	AUSTRIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Belgium NV	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Canada	CANADA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Colombia	COLOMBIA	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Corporate	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Germany	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Italy	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Japan	JAPAN	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Mexico	MEXICO	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Philippines	PHILIPPINES	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Spain	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Switzerland	SWITZERLAND	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions UK	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Venezuela	VENEZUELA	FC	100.00	100.00	100.00	100.00
Geodis Holding BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Holding Italia	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Holding Japan	JAPAN	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Iberia Holding	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Île-de-France Service	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Immobiliare Italia	ITALY	FC	100.00	100.00	100.00	100.00
Geodis International	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Interservices	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Ireland Ltd.	IRELAND	FC	100.00	100.00	100.00	100.00
Geodis Logistics	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Almere BV	NETHERLANDS	FC	100.00	100.00	0.00	0.00
Geodis Logistics Belgium NV	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Logistics Beverage	FRANCE	FC	100.00	100.00	0.00	0.00
Geodis Logistics Champagne-Ardennes Est	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Europarts	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Île-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Maroc	MOROCCO	FC	99.99	99.99	99,87	99,87
Geodis Logistics Méditerranée	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Nord	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Nord-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Rhône-Alpes	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics S.p.a.	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Logistics Services	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Spain	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Logistics Sud	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistics Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Logistique Tunisie	TUNISIA	FC	100.00	50.00	0.00	0.00
Geodis Networks	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Networks 4PL	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Nova Logistics	BELGIUM	FC	60.00	60.00	60.00	60.00
Geodis Oil and Gaz	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Overseas Hong Kong - 4PL	HONG KONG	FC	100.00	100.00	100.00	100.00
Geodis Overseas Hong-Kong Ltd.	HONG KONG	FC	100.00	100.00	100.00	100.00
Geodis Overseas India	INDIA	FC	100.00	100.00	100.00	100.00
Geodis Overseas international Forwarding - 4PL	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Overseas International Freight Forwarding (Shenzhen) Co., Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Overseas Tunisie	TUNISIA	PC	50.00	50.00	50.00	50.00
Geodis OverseasIndia - 4PL	INDIA	FC	100.00	100.00	100.00	100.00
Geodis Projets	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis SA	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis solucoesGlobais de Logistica do Brasil	BRAZIL	FC	100.00	100.00	100.00	100.00
Geodis Solutions	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Tanger Méditerranée	MOROCCO	FC	100.00	100.00	100.00	100.00
Geodis transport Slovakia	SLOVAKIA	FC	100.00	100.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis UK Ltd. Logistique contractuelle	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Geodis UK Ltd. Messagerie	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Antilles	FRANCE	F	0.00	0.00	100.00	100.00
Geodis Wilson Argentina S.A.	ARGENTINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Australia Holdings Pty Ltd.	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Bangladesh Ltd.	BANGLADESH	FC	60.00	60.00	60.00	60.00
Geodis Wilson Belgium N.V.	BELGIUM	FC	100.00	100.00	100.00	100.00
Geodis Wilson Cameroun	CAMEROON	NC	0.00	0.00	90.18	90.17
Geodis Wilson Canada Limited	CANADA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile - 4PL	CHILE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile Limitada	CHILE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile S.A.	CHILE	FC	99.86	99.86	99.50	99.50
Geodis Wilson Côte d'Ivoire	IVORY COAST	NC	0.00	0.00	100.00	100.00
Geodis Wilson Denmark - 4PL	DENMARK	FC	100.00	100.00	100.00	100.00
Geodis Wilson Denmark A/S	DENMARK	FC	100.00	100.00	100.00	100.00
Geodis Wilson Far East Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Finland - 4PL	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Finland Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson France	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis wilson Freight Management - 4PL	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management Holdings AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management Sdn Bhd, Malaysia	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Germany GmbH & Co KG	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Holding AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Hong Kong Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Indonesia - 4PL	INDONESIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson International Gmbh	GERMANY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Italia S.p.A.	ITALY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Korea - 4PL	KOREA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Korea Ltd.	KOREA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Kuwait LLC	KUWAIT	FC	100.00	100.00	100.00	100.00
Geodis Wilson Malaysia SDN BHD	MALAYSIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Management B.V.	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Maroc	MOROCCO	FC	100.00	100.00	100.00	100.00
Geodis Wilson Mexico S.A. de C.V.	MEXICO	FC	100.00	100.00	100.00	100.00
Geodis Wilson Netherlands B.V.	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Network SAS	FRANCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson New Zealand - 4PL	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Norway - 4PL	NORWAY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Norway AS	NORWAY	FC	100.00	100.00	100.00	100.00
Geodis Wilson Overseas AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Peru - 4PL	PERU	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Wilson Peru S.A.	PERU	FC	100.00	100.00	100.00	100.00
Geodis Wilson Polynésie SA	FRENCH POLYNESIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Projects USA, Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Wilson Pty Ltd. Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Qatar LLC	QATAR	FC	70.00	70.00	70.00	70.00
Geodis Wilson Réunion	FRANCE	FC	89.96	89.96	89.96	89.96
Geodis Wilson Shanghai - 4PL	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Shanghai Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Singapore - 4PL	SINGAPORE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Singapore Pte Ltd.	SINGAPORE	FC	100.00	100.00	100.00	100.00
Geodis Wilson South Africa - 4PL	SOUTH AFRICA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Spain, S.L.U.	SPAIN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Sweden - 4PL	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Sweden AB	SWEDEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Tai - 4PL	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Taïwan - 4PL	TAIWAN, CHINESE PROVINCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Taïwan Ltd.	TAIWAN, CHINESE PROVINCE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Tchad	CHAD	NC	0.00	0.00	100.00	100.00
Geodis Wilson Thaï Ltd.	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson Thailand Ltd.	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Wilson UAE L.L.C	UAE	FC	80.00	80.00	80.00	80.00
Geodis Wilson UK Ltd.	GREAT BRIATIN	FC	100.00	100.00	100.00	100.00
Geodis Wilson USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
Geodis Wilson Vietnam Ltd.	VIETNAM	FC	50.96	50.96	51.00	51.00
Geodis Wilson Vietnam Ltd. - 4PL	VIETNAM	FC	100.00	50.96	0.00	0.00
Geodis Wilson South Africa (Pty.) Ltd.	SOUTH AFRICA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Colombia Ltda	COLOMBIA	FC	100.00	100.00	100.00	100.00
Geodis Wilson New Zealand Ltd.	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Geodis Wison Transport Ltd., Thailand	THAILAND	FC	100.00	100.00	100.00	100.00
Geodis Züst Ambrosetti S.p.A.	ITALY	FC	100.00	100.00	100.00	100.00
Geodisglob, Solucoes Globais de Logistica	PORTUGAL	FC	100.00	100.00	100.00	100.00
GeodisGlobal Solutions Netherlands BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Geoparts	FRANCE	FC	100.00	100.00	100.00	100.00
Geosiap Cameroun	CAMEROON	NC	0.00	0.00	100.00	100.00
GGS USA Inc.	UNITED STATES	FC	100.00	100.00	100.00	100.00
GIE BM Combi	FRANCE	FC	100.00	99.95	100.00	99.95
GIE France Express	FRANCE	FC	76.29	74.50	76.29	74.50
GIE Prisme	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud CEE	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Europe du Nord et France	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud Hungary Zrt	HUNGARY	FC	0.00	0.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Giraud Iberica SA	SPAIN	FC	100.00	100.00	0.00	0.00
Giraud Intern.Speditionsgesellschft GMBH	GERMANY	FC	100.00	100.00	100.00	100.00
Giraud International France	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud International Italia	ITALY	FC	100.00	100.00	0.00	0.00
Giraud Lorraine	FRANCE	FC	100.00	100.00	100.00	100.00
Giraud Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
Giraud Nord	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud Ouest	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud Portugal	PORTUGAL	FC	100.00	100.00	0.00	0.00
Giraud Région Parisienne	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud Rhône-Alpes	FRANCE	FC	100.00	100.00	0.00	0.00
Giraud SRL	ROMANIA	FC	100.00	100.00	100.00	100.00
Gironde Express	FRANCE	FC	100.00	100.00	100.00	100.00
GOGLS Algeria Sarl	ALGERIA	FC	99.80	99.80	0.00	0.00
Grimaldi ACL France	FRANCE	PC	40.00	39.98	40.00	39.99
Groupe Ermewa	SWITZERLAND	FC	100.00	100.00	49.60	49.10
Groupe Movis	FRANCE	EA	40.00	40.00	0.00	0.00
GTL Srl	ITALY	FC	0.00	0.00	100.00	100.00
GW Freight Management Brazil	BRAZIL	FC	100.00	100.00	100.00	100.00
H F	FRANCE	PC	50.00	49.98	50.00	49.98
Hansebahn Bremen	GERMANY	FC	51.00	51.00	0.00	0.00
Haute Provence Express	FRANCE	FC	100.00	100.00	100.00	100.00
Helf	GERMANY	FC	100.00	94.78	94.95	78.76
Helu Trans Malaysia	MALAYSIA	FC	100.00	100.00	100.00	100.00
Hérault Express	FRANCE	FC	100.00	100.00	100.00	100.00
Holding Sidérurgie	FRANCE	FC	100.00	100.00	100.00	100.00
HTB	GERMANY	FC	100.00	100.00	0.00	0.00
IGB	GERMANY	FC	50.21	50.21	0.00	0.00
Île-de-France Ouest Transports	FRANCE	FC	100.00	100.00	0.00	0.00
Immobilière Geodis I	FRANCE	FC	100.00	100.00	100.00	100.00
Immobilière Geodis II Logistics	FRANCE	FC	100.00	100.00	100.00	100.00
Instit. de Form. Eur. Multimodal	FRANCE	FC	100.00	100.00	100.00	100.00
ITL Cargo Gmbh	GERMANY	FC	100.00	100.00	75.00	75.00
ITL Eisenbahngesellschaft mbH	GERMANY	FC	100.00	100.00	75.00	75.00
ITL Polska	POLAND	FC	100.00	100.00	60.00	60.00
ITL Prag	CZECH REPUBLIC	FC	100.00	100.00	75.00	75.00
Joud Libya	LIBYA	FC	51.00	51.00	51.00	51.00
JWE	CZECH REPUBLIC	EA	50.00	35.53	0.00	0.00
Le Bois Chaland	FRANCE	FC	100.00	100.00	100.00	100.00
Les Rouleurs du Cambresis	FRANCE	FC	100.00	100.00	100.00	100.00
Lexser France	FRANCE	FC	100.00	100.00	100.00	100.00
Lexser Luxembourg	LUXEMBOURG	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Lexsis	LUXEMBOURG	FC	100.00	100.00	100.00	100.00
Logifer	FRANCE	EA	50.00	50.00	50.00	50.00
Logistica	FRANCE	PC	50.00	50.00	50.00	50.00
Logistra	FRANCE	FC	0.00	0.00	100.00	100.00
MAW	FRANCE	FC	100.00	100.00	0.00	0.00
MAY	FRANCE	FC	100.00	100.00	0.00	0.00
Messagerie Parisienne du Livre	FRANCE	FC	100.00	100.00	100.00	100.00
MG Transports	FRANCE	FC	100.00	100.00	100.00	100.00
MGL	FRANCE	FC	99.91	99.91	99.91	99.91
MOSTVA	POLAND	EA	50.00	48.02	50.00	41.04
Naviland Cargo	FRANCE	FC	99.98	99.98	99.96	99.96
NEB	GERMANY	FC	66.92	33.60	0.00	0.00
Norferrus	FRANCE	FC	100.00	96.04	100.00	82.08
Normanche	FRANCE	FC	100.00	96.04	100.00	82.08
Novatrans	FRANCE	FC	96.39	96.39	96.39	96.39
Noyon	FRANCE	EA	35.59	35.59	35.59	35.59
ONH Limited	GREAT BRITAIN	NC	0.00	0.00	100.00	100.00
OOO Geodis Russie (Log)	RUSSIA	FC	100.00	100.00	100.00	100.00
Ortrans	FRANCE	FC	100.00	96.04	100.00	82.08
Oughtred Harrison (shipping) Limited	GREAT BRITAIN	NC	0.00	0.00	100.00	100.00
P.L.C.	FRANCE	FC	100.00	100.00	100.00	100.00
Pan European Transport UK Logistics	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
Pargesco	SWITZERLAND	FC	100.00	100.00	49.60	49.10
Paris 8	FRANCE	FC	100.00	100.00	100.00	100.00
Pelsolutions SA.	CHILE	FC	100.00	100.00	100.00	100.00
Polar Air & SeaCargo Oy	FINLAND	FC	100.00	100.00	100.00	100.00
Provence Express	FRANCE	FC	100.00	100.00	100.00	100.00
PT Geodis Wilson Indonesia	INDONESIA	FC	100.00	100.00	100.00	100.00
R4C-D	GERMANY	FC	100.00	100.00	0.00	0.00
R4C-T	SWITZERLAND	FC	100.00	100.00	0.00	0.00
Rail Euro Concept	FRANCE	NC	0.00	0.00	50.00	50.00
RBB	GERMANY	FC	100.00	100.00	0.00	0.00
Recontec	GERMANY	FC	100.00	71.07	0.00	0.00
Rhône Dauphiné Express	FRANCE	FC	100.00	100.00	100.00	100.00
Rhône Ferrus	FRANCE	FC	100.00	96.04	100.00	82.08
Rohde & Liesenfeld Canada Inc.	CANADA	EA	50.00	50.00	50.00	50.00
Rohde & Liesenfeld Forwarding Logistics (L.L.C.), UAE	UAE	NC	0.00	0.00	49.00	49.00
Rohde & Liesenfeld International GmbH & Co. KG	GERMANY	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Project GMBH (India)	INDIA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects (China) Ltd.	CHINA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects GmbH	GERMANY	FC	100.00	100.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Rohde & Liesenfeld Pty. Ltd. Australia	AUSTRALIA	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Verwaltungsges. mbH	GERMANY	FC	100.00	100.00	100.00	100.00
Rohde & Liesenteld Ltd..New Zealand	NEW ZEALAND	FC	100.00	100.00	100.00	100.00
Rouch Intermodal (Geodis)	FRANCE	FC	100.00	100.00	100.00	100.00
S.G.W.	FRANCE	FC	100.00	100.00	99.96	99.96
S.M.T.R. Calberson	FRANCE	FC	100.00	100.00	100.00	100.00
S.N.T.C.	FRANCE	FC	100.00	96.04	100.00	82.08
SARI	FRANCE	FC	99.97	99.97	65.68	54.87
SCI BM Chelles	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Le Fontanil	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Mery	FRANCE	FC	100.00	100.00	100.00	100.00
SCI BM Salaise	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Borny	FRANCE	FC	100.00	100.00	100.00	100.00
SCI CEL	FRANCE	NC	0.00	0.00	100.00	100.00
SCI Ceretif	FRANCE	FC	100.00	95.00	98.00	65.06
SCI Charval	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Danjoutin	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de la Brèche	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de la Poudriere	FRANCE	FC	100.00	100.00	100.00	100.00
SCI de Vaux	FRANCE	FC	100.00	100.00	100.00	100.00
SCI du Rouvray	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Étupes	FRANCE	FC	100.00	100.00	100.00	100.00
SCI FGH	FRANCE	FC	75.00	62.97	75.00	62.97
SCI Horizons	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Immolog	FRANCE	FC	100.00	100.00	100.00	100.00
SCI JCC	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Le Polygone	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Le Revard	FRANCE	FC	66.70	66.70	66.70	66.70
SCI Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Alsace	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Bretagne	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Champagne-Ardennes	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Île-de-France	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Normandie	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Est	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Ouest	FRANCE	FC	100.00	100.00	100.00	100.00
SCI Royneau Le Coudray	FRANCE	FC	100.00	99.05	100.00	99,05
SCI SVIG	FRANCE	NC	0.00	0.00	99.97	99.97
SCI Voujeaucourt	FRANCE	FC	100.00	100.00	100.00	100.00
SD Calberson	FRANCE	FC	99.98	99.98	99.98	99.98
Sealogis	FRANCE	FC	100.00	100.00	100.00	100.00
SEGI	FRANCE	FC	100.00	100.00	99.75	99.75
Seine Express	FRANCE	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Sénart Affrètement	FRANCE	FC	65.00	65.00	65.00	65.00
SEP Transpul	FRANCE	FC	100.00	41.50	49.60	20.38
Setcargo	FRANCE	FC	100.00	100.00	100.00	100.00
Setrada	FRANCE	FC	100.00	96.04	100.00	82.08
Setram	SPAIN	EA	25.00	24.01	25.00	20.52
SFC / Agence de gestion de services maritimes	FRANCE	FC	100.00	99.95	99.98	99.93
Shanghaï E&T Calberson Overseas	CHINA	FC	100.00	100.00	100.00	100.00
SIBELIT	LUXEMBOURG	EA	42.50	42.50	42.50	42.50
Sideuropa	ITALY	NC	0.00	0.00	50.00	50.00
Sincrolog Srl	ITALY	NC	0.00	0.00	100.00	100.00
SLV	FRANCE	FC	0.00	0.00	100.00	100.00
Smethwick Properties Management Ltd.	GREAT BRITAIN	FC	100.00	100.00	100.00	100.00
SNC Bercy	FRANCE	FC	100.00	100.00	51.00	51.00
SNCF Fret Deutschland Gmbh	GERMANY	FC	100.00	100.00	100.00	100.00
SNCF Geodis Services	FRANCE	FC	100.00	100.00	100.00	100.00
SNTN Calberson	FRANCE	FC	100.00	100.00	100.00	100.00
Sogewag	FRANCE	FC	100.00	96.07	100.00	78.36
Somap	FRANCE	FC	81.75	81.71	81.75	81.71
Somedat	FRANCE	FC	100.00	96.04	100.00	82.08
Soptrans	FRANCE	FC	100.00	96.04	100.00	82.08
Sopyrim	FRANCE	FC	100.00	96.04	100.00	82.08
Sotraf	FRANCE	FC	100.00	96.04	100.00	82.08
Speditionsservice Oy (dormant)	FINLAND	FC	100.00	100.00	100.00	100.00
Sté de Gestion du Terminal d'AITON	FRANCE	FC	65.00	33.14	65.00	33.14
Sté Propriétaire Wagons Modalohr	FRANCE	FC	100.00	50.98	100.00	50.98
Stesimaf	FRANCE	FC	100.00	100.00	80.00	86.78
STSI	FRANCE	FC	99.45	99.45	99.46	99.46
STVA SA	FRANCE	FC	96.04	96.04	82.23	82.08
STVA UK	GREAT BRITAIN	FC	100.00	96.04	100.00	82.08
TBB	GERMANY	FC	100.00	88,02	0.00	0.00
TCL Cameroun	CAMEROON	FC	100.00	100.00	100.00	100.00
TCL Houston	UNITED STATES	FC	88.63	88.62	88.63	88.62
TCL Tchad	CHAD	FC	100.00	100.00	100.00	100.00
Tethys	FRANCE	FC	100.00	96.04	100.00	82.08
TGP	FRANCE	FC	100.00	100.00	100.00	100.00
Thales Geodis Freight & Logistics	FRANCE	PC	50.00	50.00	50.00	50.00
TMF	FRANCE	FC	100.00	75.00	37.20	36.82
TMF Cita Belgium	BELGIUM	FC	100.00	75.00	49.60	36.79
TMF Cita Deutschland	GERMANY	FC	100.00	75.00	44.64	36.79
TMF Cita Nederland	NETHERLANDS	FC	100.00	75.00	49.60	36.82
Top Cool Jet	FRANCE	FC	100.00	100.00	100.00	100.00
Top Wilson	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Transengrais	FRANCE	FC	0.00	0.00	100.00	100.00

36 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Transfesa	SPAIN	NC	0.00	0.00	20.20	16.58
Transinformatique	FRANCE	FC	99.86	94.87	99.84	66.28
Transplus	FRANCE	FC	100.00	100.00	0.00	0.00
Transport Ferroviaire Holding	FRANCE	FC	100.00	100.00	100.00	100.00
Transport Ferroviaire Services	FRANCE	FC	100.00	100.00	100.00	100.00
Transport Logistique Partenaires	FRANCE	FC	100.00	100.00	100.00	100.00
Transports Bernis	FRANCE	FC	67.69	67.69	67.69	67.69
Transports J. Savin	FRANCE	FC	100.00	100.00	100.00	100.00
Transportvoiture	BELGIUM	FC	99.95	96.00	99.95	82.04
Transquercy	FRANCE	FC	100.00	100.00	100.00	100.00
Transucre	FRANCE	FC	100.00	100.00	69.76	69.46
Transwaters	FRANCE	FC	50.00	50.00	50.00	50.00
TWE	GERMANY	FC	88.02	88.02	0.00	0.00
Uniroute	FRANCE	FC	100.00	96.04	100.00	82.08
Val Express	FRANCE	FC	100.00	100.00	100.00	100.00
Val Ferrus	FRANCE	FC	100.00	96.04	80.00	65.66
Valenda	FRANCE	FC	100.00	100.00	100.00	100.00
Valtrans	FRANCE	FC	100.00	96.04	80.00	65.66
Var Express	FRANCE	FC	100.00	100.00	100.00	100.00
VC Holding	FRANCE	FC	100.00	100.00	0.00	0.00
VC Italia	ITALY	FC	100.00	100.00	0.00	0.00
VFLI	FRANCE	FC	100.00	100.00	100.00	100.00
VFLI Cargo	FRANCE	FC	0.00	0.00	100.00	100.00
Vilogistique	FRANCE	FC	100.00	96.04	100.00	82.08
Vitesse Logistics BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Vitesse Logistics NL BV	NETHERLANDS	FC	100.00	100.00	100.00	100.00
Walbaum	FRANCE	FC	99.76	99.76	99.76	99.76
Waren Shipping	FRANCE	FC	100.00	100.00	100.00	100.00
WEA	GERMANY	FC	74,00	71,07	0.00	0.00
Werner Egerland	GERMANY	NC	0.00	0.00	20.00	16,42
Wilson Denmark Holding A/S STP	DENMARK	FC	100.00	100.00	100.00	100.00
XP LOG	FRANCE	FC	99.97	99.97	99.97	94,97
GARES ET CONNEXIONS						
A2C	FRANCE	FC	100.00	100.00	100.00	100.00
AREP	FRANCE	FC	100.00	100.00	100.00	100.00
AREP Architecture	FRANCE	EA	25.00	25.00	25.00	25.00
AREP Pekin	CHINA	FC	100.00	100.00	100.00	100.00
AREP Vietnam	VIETNAM	FC	100.00	100.00	0.00	0.00
AREP Ville	FRANCE	FC	100.00	100.00	100.00	100.00
Parvis	FRANCE	FC	100.00	100.00	100.00	100.00
Société d'Aménagement Mezzanine Paris-Nord	FRANCE	FC	60.00	60.00	60.00	60.00
VALGA	FRANCE	FC	100.00	100.00	100.00	100.00

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the assignment entrusted to us by the French Minister for the Economy, Industry and Employment on 21 April 2008, we hereby report to you, for the year ended 31 December 2010, on:
– the audit of the accompanying consolidated financial statements of EPIC SNCF;
– the justification of our assessments;
– the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France, except as regards the matter described in the following paragraph. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

As stated in *Note 28.4* to the consolidated financial statements, SNCF announced its new Rail Freight Transport Master Development Plan to the public in September 2009. The Plan is currently being rolled out and as a result the Company has changed its organisation. Accordingly, the methods used to assess Fret SNCF production resources have been adapted.

To date, given the progress of the project, and the current documentation on business and profitability forecasts, the values in use adopted have been determined based on a methodology and assumptions that do not meet IFRS requirements.

In addition, the European market for the sale and leasing of locomotives is restricted and transactions are thus limited. Consequently, the values adopted may not be representative of market values.

Accordingly, we are unable to express an opinion as to the recoverable amount of Fret SNCF production resources, whose carrying amount after depreciation and amortisation stood at €1.7 billion before an impairment of €1.2 billion. This matter had already been the subject of a qualification in prior fiscal years. Subject to this qualification, in our opinion the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2010 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without calling into question the opinion expressed above, we draw your attention to the changes set out in the following Notes to the consolidated financial statements:
— *Note 1.3.1* relating to changes in the subsidy presentation method in the balance sheet;
— *Note 1.3.2* relating to the first-time adoption of IFRIC 12 "Service concession arrangements";
— *Notes 3* and *4.2* relating to the methods used for the first-time adoption of IFRS 3 (revised) and IAS 27 (revised).

2 JUSTIFICATION OF OUR ASSESSMENTS

As stated in *Note 1.2* to the consolidated financial statements, the accounting estimates made during the preparation of the consolidated financial statements for the year ended 31 December 2010 were performed within a context of uncertainty regarding the business outlook. It is in this context that, in accordance with the provisions of article L. 823-9 of the French commercial code (Code de Commerce), we made our own assessments, which we bring to your attention, in addition to those which resulted in the qualification set out above:

— As stated in *Notes 2* and *3*, SNCF conducted a number of significant transactions affecting its consolidation scope in 2010. Accordingly, the Group analysed these transactions to determine their accounting treatment and measured the fair value of the assets acquired and liabilities assumed. Our procedures

consisted in assessing the reasonableness and appropriateness of the assumptions used and the methodologies implemented to reflect these transactions in the consolidated financial statements and in verifying that these Notes provide appropriate disclosures. In the particular cases of Eurostar International Limited *(Note 1.2)* and Keolis, our procedures also consisted in reviewing the context, nature and circumstances of the transactions and in analysing the documentation to assess the appropriateness of the consolidation method used.

— As stated in *Note 2.6*, the activity of the SeaFrance subsidiary has been treated in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". *Note 23* describes the items presented on separate lines of the income statement and balance sheet. As part of our assessments, we verified the appropriateness of the assumptions used and the accounting treatment.

— SNCF carried out impairment tests on its assets, as described in *Notes 4.8, 8* and *28* to the consolidated financial statements.
– Goodwill amounting to €1,607 million was tested for impairment in accordance with the principles described in *Note 4.8* to the consolidated financial statements. Our work involved reviewing the methods used to implement these tests, based on the discounted future cash flows of the businesses in question; assessing the consistency of the assumptions used with the forecast figures included in the business plans as revised at the 2010 year-end; and verifying that *Notes 4.8, 8.1* and *28* provide appropriate disclosures.
– When indications of impairment loss were identified, SNCF carried out impairment tests on the assets related to the businesses concerned. We reviewed the methods used by SNCF to implement these tests, and the cash flow forecasts and assumptions used, and verified that *Notes 4.8, 8* and *28* provide appropriate disclosures.

— As stated in *Notes 4.18* and *31*, the Group recognises deferred tax assets in the balance sheet on the basis of forecasts of future taxable profits. We reviewed the methods used for recognising deferred tax assets as well as the profitability forecasts and underlying assumptions. Our work in relation to these figures and assumptions enabled us to assess the appropriateness of the estimates made.
These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

3 SPECIFIC VERIFICATION

In accordance with professional practice standards applicable in France, we have also verified the information given in the Group management report as required by French law. Except for the possible impact of the matters set out in the first section of this report, we have no other matters to report regarding the fair presentation and the consistency with the consolidated financial statements of the information given in the Group management report.

Courbevoie and Neuilly sur Seine,
17 February 2011

The Statutory Auditors

MAZARS
Marie-Laure Philippart
Lionel Gotlib

PRICEWATERHOUSECOOPERS AUDIT
Éric Bertier
Philippe Vincent

AUDIT AND RISK DEPARTMENT

CHAIRMAN'S REPORT ON THE TERMS AND CONDITIONS GOVERNING THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES.

The report on the terms and conditions governing the preparation and organisation of the Board of Directors' work and the internal control and risk management procedures was presented to the Board of Directors. It describes the progress made in setting up a quality internal control function, to which SNCF has long been committed, not only in terms of financial reporting reliability but also in regard to all operating activity.

The report is based on the reference framework of the AMF (French Securities Regulator).

The main improvements to the SNCF internal control function for 2010 concern the following:

– signing of representation letters by division managers, formalising their commitment to the fairness and reasonableness of the financial information they produce,

– approval of a precise timetable for the Group's 2011 financial reporting, with regard to both revenue and earnings,

– creation of a network of internal controllers within divisions, activities and certain transversal departments and the signing of a roadmap for each of them, specifying the involvement process and its limits,

– preparation for each division, activity and certain transversal departments of a 2010 internal control report outlining the work performed and stating the main forecasts for 2011,

– drafting by the ethics department of new Group ethics guide, designed to strengthen management's ethical responsibility and its active role in its deployment. An ethics committee was also set up within Geodis,

– creation of a network of risk managers appointed by the various Group entities and widespread deployment of risk mapping that should enable the Audit and Risk Department to prepare a summary of the Group's major risks,

– strengthening of information system security by division or activity via the network of information system security officers (ISSO),

– appointment of a Data Protection Officer, who guarantees that the personal data of employees and customers within the company is protected,

– implementation of the first two reference document measures to improve the quality of working life and prevent stress with an awareness campaign for almost 1,800 managers and around one hundred local working life quality analyses.

This report is available on simple request from the SNCF Audit and Risk department – 34 rue du commandant René Mouchotte – 75014 PARIS

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2009

Financial Report

SNCF

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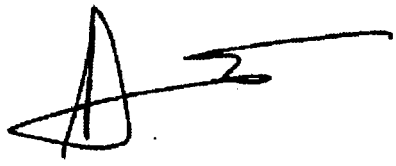
Management Statement for Financial Report

Paris, 30 March 2010

We attest that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the Group as of 31 December 2009 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the Group and a description of its main risks and uncertainties.

The Chairman
Guillaume PEPY

Executive Vice-President
"Strategy and Finance"
David AZEMA



Management Report

In € millions

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SNCF Group in 2009

1 Major events

1-1 A HIGHLY UNFAVOURABLE ECONOMIC CONTEXT

The consolidated financial statements were prepared in a difficult and extremely unfavourable economic context. The decline in global business, the fall in industrial production, transport sector bankruptcies, and the slowdown in household consumption impacted the results of the Group, and, more particularly, SNCF Geodis and SNCF Voyages.

1-2 IMPAIRMENT LOSS FOR RAIL FREIGHT

The year 2009 was again marked by a brutal fall in business (-26% in volume compared to 2008, a trend comparable to that observed in other European Union countries), following fiscal year 2008 which itself was down 12% compared to 2007. As the problems encountered continued, particularly in the individual wagon segment, the Group unveiled a master development plan for new rail freight transport in September 2009, following an extensive analysis phase. This plan involves nine industrial projects (European heavy-load trains, transformation of the individual wagon, tailored service for current individual wagon customers, development of combined transport, rail motorways, local rail operators, high-speed freight, urban logistics, and multimodal land and sea platforms) and changes to the management of the activity, which now breaks down into 5 entities (coal-steel, automotive-chemicals, agriculture and quarry products, combined transport, multi-wagon/multi-customer). The Group drew the necessary conclusions from the change in the economic climate and the new organisation by recording a non-recurring impairment loss of €711 million in the 2009 financial statements.

1-3 IMPAIRMENT LOSS FOR THE INFRASTRUCTURE - MAINTENANCE AND ENGINEERING ACTIVITY

Due to the disappointing performance of the Infrastructure activity, a €245 million impairment loss was recorded in net profit, resulting in the full impairment of the property, plant and equipment and intangible assets in the Infrastructure - Maintenance and Engineering activity.

1-4 GRADUAL CESSATION OF ACTIVITY AGREEMENT

A new gradual cessation of activity agreement came into effect in July 2008. A provision was set aside in 2009, the Group having obtained the best estimate of the expected conduct of employees with respect to the use of this mechanism, based on the initial observations in 2009. A total of €325 million was therefore recorded in employee benefits expense.

1-5 ACQUISITION OF IBM GLOBAL LOGISTICS (renamed Geodis Supply Chain Optimisation)

The 58 businesses in IBM's logistics activity were gradually acquired as from March 2009.

1-6 ACQUISITION OF VEOLIA CARGO

At the end of November 2009, the SNCF Group acquired the international subsidiaries of Veolia Cargo based in Germany, the Netherlands and Italy for an enterprise value of €78 million. All the international rail freight subsidiaries are grouped under the one company: Captrain.

1-7 DISPOSAL OF THE BATIGNOLLES SITE

In November and December 2009, the Batignolles site was sold to the French State following the decision to relocate the Paris Law courts and Regional Police Headquarters. The capital gain amounted to €344 million.

2 Key figures

In € millions	2009	2008
Revenue	24,882	25,184
Gross profit	1,688	2,583
Current operating profit	145	976
Finance costs	-303	-504
Net profit attributable to equity holders of the parent	-980	571
Cash flow from operations	1,499	2,043
Gross investments	3,277	3,658
ROCE(*)	0.9%	6.3%
Employees	**200,097**	**201,339**

(*) ROCE or Return On Cash Employed = the ratio between current operating profit and average capital employed. The capital entering into this calculation is the algebraic sum of equity (including minority interests), provisions and net indebtedness. The average with the prior year's equity gives the average equity.

In € millions	31/12/2009	31/12/2008
Net debt	7,172	6,032

3 Subsequent events

3-1 MERGER BETWEEN KEOLIS AND EFFIA AND TAKEOVER OF KEOLIS BY THE GROUP

In March 2009, Keolis, a Group associate, initiated a merger with Effia, a wholly owned SNCF subsidiary. The aim of Keolis is to benefit from Effia's competencies to deploy new mobility services (car sharing, electrical cars, bicycles and other non-motorised transport) and promote better interaction with collective urban and interurban transport networks. SNCF transferred its Effia shares (excluding Effia Services) to Kuvera, the Keolis holding company. Due to the payment in shares, SNCF held 56.7% of the Keolis capital at the end of the transaction, whereas the percentage interest of financial shareholders was reduced from 51.5% to 40.8%.
This merger was finalised on 4 February 2010 after having obtained authorisation from the European Commission.

3-2 FULL TAKEOVER OF ERMEWA

At the end of June 2009, the Group's SNCF Geodis division reported that it had strengthened its position within the wagon and container leasing firm, Ermewa. The complete takeover of the Ermewa group, which was previously 49.6% held, marked the division's desire to consolidate its positioning in the rail freight fleet management sector by directly proposing varied offerings to shippers. This transaction was finalised on 2 February 2010 after having obtained authorisation from the European Commission. This authorisation was accompanied by an SNCF commitment to sell the interest in TMF (cereal freight forwarders) and the fleet of 1,100 cereal wagons currently owned by Ermewa.

3-3 TAKEOVER OF EUROSTAR

The Eurostar offering, managed until recently by a partnership comprising SNCF, London and Continental Railways (LCR) and Société Nationale des Chemins de Fer Belges (SNCB), will be managed as from mid 2010 by a fully operating rail company, jointly held by the three partners. Eurostar International Ltd (EIL) will be fully consolidated in the SNCF financial statements.
Its capital breaks down as follows: 55% for SNCF, 40% for LCR and 5% for SNCB.
This transformation simplifies the legal structures, shifting from a cooperative arrangement to the creation of a full-fledged rail operator, thus enabling Eurostar to measure up to the competition.

3-4 BOND ISSUE

The SNCF Group launched a 15-year bond issue in the amount of €750 million. The draw-downs ended on 19 February 2010.

Group results and financial position

1 General observations on Group results

In € millions	2009	2008 comparative[1]	2009 vs. 2008 comparative	
Revenue	**24,882**	**25,184**	**-302**	**-1,2%**
Infrastructure fees	-3,190	-3,038	-152	5.0%
Purchases and external charges	-8,798	-8,809	11	-0.1%
Taxes and duties other than income tax	-930	-867	-64	7.3%
Employee benefit expense	-10,415	-9,841	-574	5.8%
Other income and expenses	139	-46	185	-401.6%
Gross profit	**1,688**	**2,583**	**-894**	**-34.6%**
Depreciation and amortisation, net of grants	-1,344	-1,257	-87	6.9%
Charges to provisions	-200	-350	150	-42.9%
Current operating profit	**145**	**976**	**-831**	**-85.2%**
Impairment losses	-1,037	-368	-669	181.8%
Net proceeds from asset disposals	432	244	189	77.5%
Operating profit/(loss)	**-460**	**851**	**-1,311**	**-154.1%**
Finance cost of employee benefits	-77	-50	-27	53.6%
Net borrowing costs	-226	-454	228	-50.3%
Finance costs	**-303**	**-504**	**201**	**-39.9%**
Net profit/(loss) before tax	**-763**	**347**	**-1,110**	**-319,9%**
Income tax expense	-205	250	-454	-182.1%
Share of profit of associates	14	32	-18	-57.2%
Net profit/(loss) from ordinary activities	**-954**	**628**	**-1,582**	**-251.9%**
Net profit/(loss) from discontinued operations	-17	-40	22	-56.1%
Net profit/(loss) attributable to minority interests	-8	-18	10	-55.0%
Net profit/(loss) attributable to equity holders of the parent	**-980**	**571**	**-1,550**	**-271.7%**
Gross profit/revenue	6.8%	10.3%		
Current operating profit / revenue	0.6%	3.9%		
ROCE = current operating profit/average net assets[2]	0.9%	6.3%		

(1) 2008 comparative income statement presented in the notes to the 2009 consolidated financial statements (see 1.1 below).
(2) See definition of ROCE in key figures.

1-1 COMPARABILITY OF THE FINANCIAL STATEMENTS

a) 2008 comparison

The 2008 financial statements were modified compared to the published statements to include the following items:

– the adoption of IFRIC 13 on customer loyalty programs;

– the updating of PEEC (Participation des Entreprises à l'Effort de Construction) housing loans;

– changes to the calculation methods of certain employee commitments (occupational accident annuities, unemployment insurance, termination benefits, employee benefits).

These various modifications are shown in figures in the notes to the consolidated financial statements *(Note 1.4)*.

b) Between 2008 comparison and 2009

The comparability of 2009 results with those of 2008 is impacted by the following changes in Group structure:

		Impacts on revenues	Impacts on gross profit
SNCF Geodis division	Acquisition of IBM Global Logistics	531	-8
	Acquisition of Giraud	57	
	Acquisition of Cool Jet	30	
	Acquisition of ITL	24	
	Acquisition of Ermechem	21	
	Other acquisitions (including Mory, Sincrolog)	25	
SNCF Voyages division	Change in consolidation method for Thalys	-9	
Impact of changes in scope		**680**	**-8**

1-2 2009 RESULTS

a) Revenue

Group revenue totalled €24,882 million at the end of 2009, down €302 million (-1.2%) compared to 2008.

This decline breaks down as follows:

— a Group structure impact of +€680 million *(see Note 1.1)*;

— an organic decrease of -€982 million (-3.9%); the following divisions contributed to this decrease:

SNCF Infra:	+€212 million,	+6.7%
SNCF Proximités:	+€239 million,	+3.8%
SNCF Voyages:	-€80 million,	-1.3%
SNCF Geodis:	-€1,338 million,	-8.1%

b) Gross profit

In 2009, gross profit declined by €894 million to €1,688 million, down 35%, and gross profit over revenue dropped from 10.3% to 6.8% in a very difficult economic context.

In € millions	2009	2008 comparative	2009 vs. 2008 comparative	
Revenue	**24,882**	**25,184**	**-302**	**-1%**
Employee benefit expenses	-10,415	-9,841	-574	6%
Purchases and external charges (excluding infrastructure fees and energy)	-7,984	-7,920	-64	1%
Infrastructure fees	-3,190	-3,038	-152	5%
Energy	-814	-889	75	-8%
Taxes and duties other than income tax	-930	-867	-64	7%
Other income and expenses	139	-46	185	-402%
Gross profit	**1,688**	**2,583**	**-894**	**-35%**
Gross profit/revenue	6.8%	10.3%		

Employee benefits expense rose by €574 million, of which €66 million was due to changes in Group structure. On a constant Group structure basis, the increase amounts to €508 million, primarily due to:

– the provision for the gradual cessation of activity (+€325 million);

– the increase in the average costs per employee by 3.43% (+€292 million) for the parent company scope;

– the absence of employee dividends in 2009 (compared to €81 million in 2008);

– the €31 million decrease in the parent company provision for paid vacation.

Purchases and external charges (excluding infrastructure fees and energy) increased by €64 million. Excluding the Group structure impact (€600 million), this heading would decrease by €536 million (-6.8%) due to:

– the significant decline in the activity of SNCF Geodis, resulting in a substantial reduction in external charges (-€848 million);

– the increase in production purchases by SNCF Infra and the Equipment division;

– additional charges generated by the growth of the TER offering.

The 5% increase in infrastructure fees (+€152 million) mainly concerns RFF infrastructure fees (+€142 million): by cancelling the impact of RFF profit warranties (+€73 million), the increase in RFF infrastructure fees amounts to €69 million (price impact of +€107 million following the increase in right-of-way reservation entitlements and a negative volume impact of -€38 million due to the decline in the Fret SNCF transport plan).

The 8% decline (-€75 million) in energy expenses is mainly attributable to the combination of four factors:

– the non-recurring impact of the traction electricity price adjustment recorded in 2008 in respect of 2007 (+€152 million);

– a decrease in traction electricity consumption, contributing to the increase in the electrical traction energy heading to +€110 million;

– the €124 million decline in the thermal traction energy heading, resulting in the €61 million decrease in fair value of the diesel swap, following its expiration;

– the decrease in fuel costs by €74 million, particularly at Geodis and in the Infra division.

The increase in income taxes was due to the rise in business license tax (€37 million), employee-related taxes (€12 million), and the new contributions for the railway regulation authority, ARAF (€14 million).

The +€185 million increase in other income and expenses was mainly attributable to the recognition of income in the amount of €106 million relating to the ex-gratia settlement of a litigation with various construction companies fined for having organised cartels to the detriment of SNCF, and reversals of provisions utilised in 2009.

c) Current operating profit

Current operating profit totalled €145 million, down €831 million or 85% compared to 2008.

The revenue to current operating profit conversion rate dropped from 3.9% in 2008 to 0.6% in 2009.

The increase in net depreciation and amortisation charges (+€87 million) mainly involves rolling stock in connection with the commissioning of new TER and TGV equipment.

The net increase in provisions involved a €200 million charge at the end of December 2009, down €150 million compared to 2008.

Charges to provisions in 2009 mainly concern provisions for restructuring (€43 million), litigation and contractual risks (€38 million) and impairment of operating receivables (€30 million).

d) Operating profit/(loss)

Operating profit decreased by €1,311 million to give rise to a -€460 million operating loss.

Impairment losses totalled €1,037 million (up €669 million compared to 2008) and mainly concern:

– impairment of Fret SNCF assets (€602 million);

– 70% impairment of reparable parts of Fret SNCF equipment (€12 million);

– impairment of the rolling stock acquired by Akiem from Fret SNCF (€81 million);

– impairment of the excess or obsolete wagons of France Wagons (€16 million);

– initial impairment of rolling stock and additional impairment of the SNCF Infra division fixed installations (€245 million);

– full impairment of the investments in rolling stock of the Intercités division (€33 million).

The €432 million gain on disposal of assets in 2009 mainly involves the €344 million disposal of the Batignolles site and the €61 million sale of buildings to low-rent housing companies by the parent company and ICF-Novedis.

e) Finance costs

Finance costs decreased by €201 million. Adjusted for fair value and hedging impacts, they rose by €27 million (amounting to -€303 million), in correlation with the increase in the debt.

f) Share of profit of associates

The share of profit of associates totalled €14 million, compared to €32 million in 2008.

This profit mainly includes the reduced contributions of Keolis (€16 million vs. €27 million in 2008) and Novatrans (-€8 million vs. -€2 million in 2008) and the stable contribution of Eurofima (€8 million).

g) Income tax

The significant decrease in income tax (-€454 million) arose from the impairment of deferred tax assets (-€200 million), whereas the 2008 profit included the capitalisation of a deferred tax for €308 million.

The current tax charge declined from €37 million in 2008 to €23 million in 2009.

h) Net loss for the year attributable to equity holders of the parent

As a result of all these changes, the net loss for the year attributable to equity holders of the parent totalled €980 million, compared to a net profit of €571 million in 2008, after recognition of minority interests of €8 million.

This €1,551 million decline in net profit was due to the following non-recurring items in the amount of €1,013 million:

– discounting of impairment losses recognised for rail freight (-€772 million);

– decrease in deferred tax assets (-€508 million);

– charge to provisions relating to the gradual cessation of activity agreement (-€358 million including -€325 million in employee benefits expense and -€33 million in financial expenses) and the time-savings account (-€7 million);

– traction electricity price adjustment recognised in 2008 in respect of 2007 (-€152 million);

– discounting of impairment regarding the Infrastructure - Maintenance and Engineering division (+€80 million);

– gain from the litigation with construction companies regarding the Northern high-speed line (+€106 million);

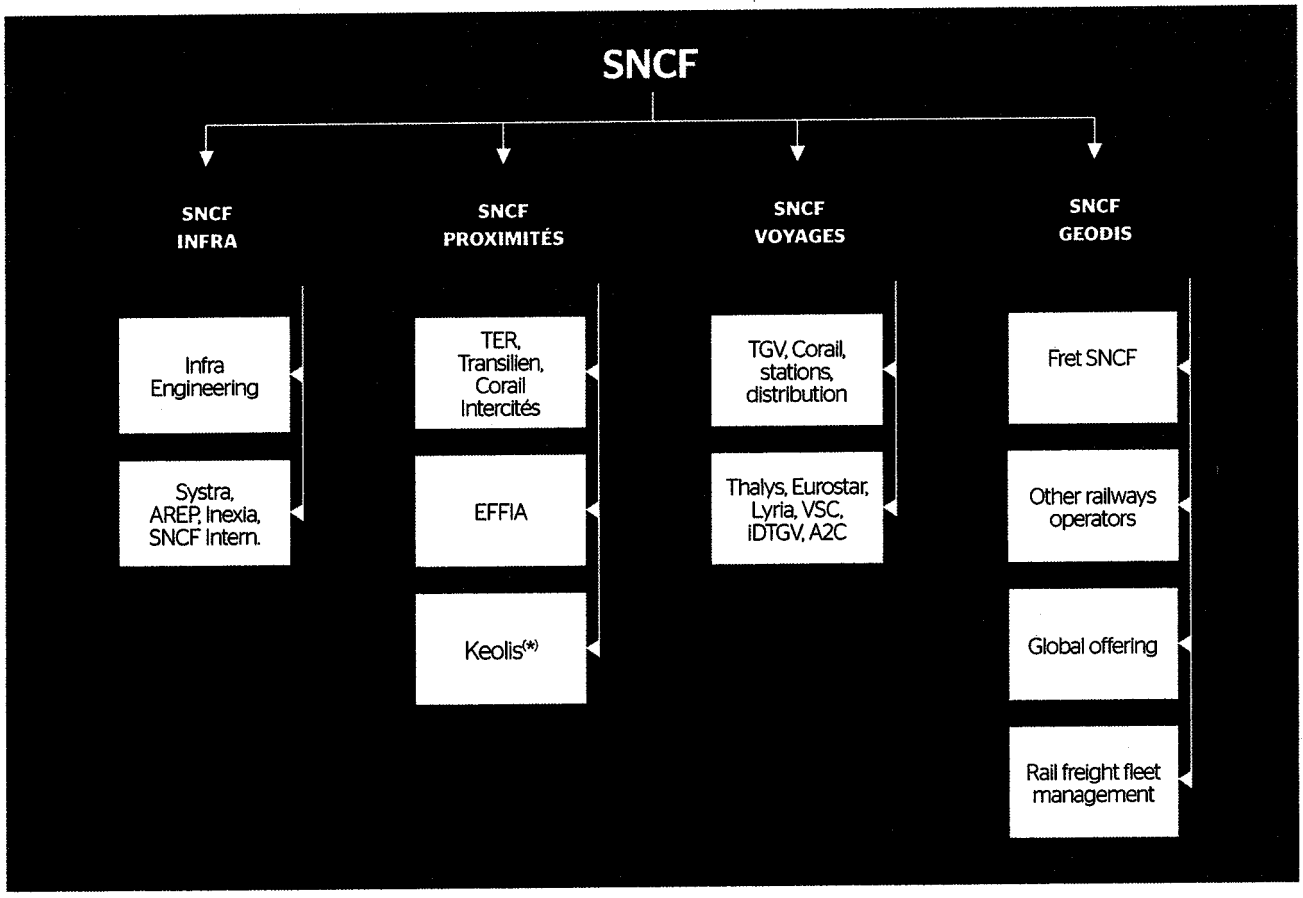
– changes in fair value (+€254 million);

– Batignolles disposal gain (+€344 million).

ROCE (calculated on current operating profit) dropped from 6.3% to 0.9%.

2 Activity and results by division

SNCF Group activity is structured according to four divisions that are supported by common operations: SNCF Infra, SNCF Proximités, SNCF Voyages (including Gares & Connexions) and SNCF Geodis.

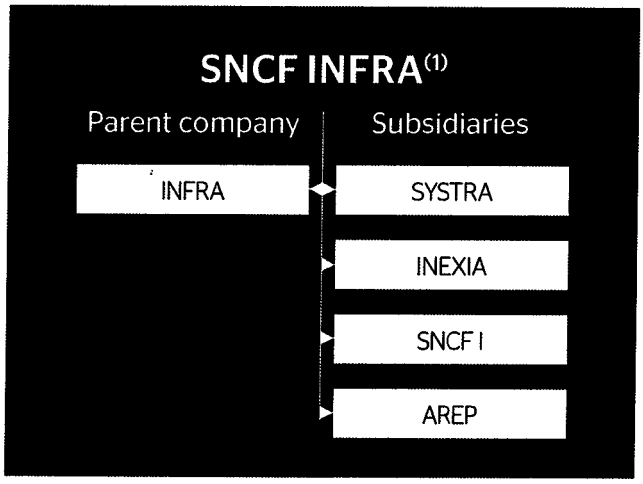


(*) Consolidated using the equity method.

Division contributions to revenue, gross profit, current operating profit and the equity-financed investments of the Group's components break down as follows:

In € millions	SNCF Infra	SNCF Proximités	SNCF Voyages	SNCF Geodis	Common operations & investments	Inter-divisions eliminations	Group
Revenue	5,146	6,579	7,375	7,377	4,775	-6,372	**24,882**
Gross profit	-92	302	1151	-49	376		**1,688**
Current operating profit	-134	-25	707	-420	17		**145**
Equity-financed investments	-152	-297	-847	-414	-502		**-2,211**

2-1 SNCF INFRA DIVISION



(1) Excluding the new Gares & Connexions division.

The SNCF Infra division includes the delegated management activities of Infrastructure (SNCF) and Engineering (Systra, AREP, SNCF International and Inexia).

in € millions	2009	2008	Change
Revenue	5,146	4,934	212
Gross profit	-92	13	-105
Gross profit/revenue	*-1.8%*	*0.3%*	
Current operating profit	-134	-186	51
Equity-financed investments	-152	-95	-56

Highlights

— The year 2009 was marked by the continued extensive **reorganisation of SNCF Infra,** in order to improve efficiency and increase the stability of SNCF Infra's structure:

– set-up of an Engineering department, responsible for the Engineering Centres and Divisions located throughout France;

– preparation for the set-up within SNCF Infra of the *Direction de la Circulation Ferroviaire,* an independent rail traffic regulatory body made official by the ORTF Law 2009-1503 of 8 December 2009;

– preparation for the vertical integration of production, with the creation of three production areas in direct coordination with the Sites.

— The year 2009 was also marked by an acceleration in the **industrialisation of maintenance:** increase in lines from 9,600 km to 14,700 km, on which maintenance operations were pooled through the extension of work zones. At the same time, the renewal volume increased from €991 million in 2008 to €1,315 million in 2009. The IMPAQT and D-Maintenant programmes were completed, contributing to the improvement in punctuality in Ile-de-France. The Midi-Pyrénées and Limousin rail plans, for which the total volumes amounted to €462 million and €118 million, respectively, continued steadily and have paved the way for other plans: an Auvergne rail plan totalling almost €80 million is soon to be approved.

— SNCF Infra also conducted extensive **"strategic planning"** work, in partnership with RFF. The aim is to divide up the network's capacity between the requirements of rail companies (rail rights requests) and maintenance firms (zones for maintenance and works), while reducing the schedule complexity.

— SNCF Infra has embarked on an ambitious project to **overhaul its information system,** from both technical and management perspectives.

— **Activity in competitive markets** continued to expand: Inexia and Engineering are involved in the Rhin-Rhône high-speed line project, alongside public works companies for integration tests and Infrarail for raw material supplies. Inexia has pursued its development in urban and international transport. As a leader in Engineering, it was awarded the tram-train contract in Réunion, in cooperation with Bouygues. Inexia is also present alongside SNCF I on the Moroccan high-speed line.

— From an economic perspective, 2009 is still marked by a **contracts crisis** with RFF (management agreement, supply agreements and the SNCF-Entrepreneur agreement) which continues to generate losses for the division. Accordingly, an **impairment loss** of €245 million was recognised in net profit for the year, resulting in the total impairment of property, plant and equipment and intangible assets of the Infrastructure - Maintenance and work cash-generating unit.

2009 results

— Revenue

The substantial increase in revenue (+€212 million or +4.3%) primarily arose from the greater business volume relating to:

– continued network renewal (including the Midi-Pyrénées rail plan) and additional development programmes (including the Rhin-Rhône high-speed line);

– targeted operations, in order to improve the quality of the entire network (IMPAQT[1], D-Maintenant[2] and Nouvelle Dynamique de Proximités[3] programmes);

– growth in the revenue of subsidiaries (Rhin-Rhône high-speed line and Devecey contracts for Inexia).

Furthermore, two contrasting impacts involving CGI impacted revenue:

– recognition of income, partially offsetting the impacts on the division's pension reform expenses (+€41 million);

– a decrease in the indices pertaining to the remuneration of the management agreement (-€59 million).

— Gross profit

The €105 million decline in gross profit results from the combination of the following impacts:

– gain (net of the increase in employee benefits expense) generated by the growth in production volume (+€25 million);

– increase in the contribution of subsidiaries to the division's profit (+€7 million);

– residual impacts on the remuneration of the management agreement (-€18 million);

– charge to the provision for the gradual cessation of activity (-€114 million).

— Current operating profit

Current operating profit improved by €51 million, with gross profit being more than offset by the €59 million decline in depreciation and amortisation charges (following the impairment of all assets in 2009) and the €97 million decrease in provisions (reversal in 2009 of a portion of the provision recorded in 2008 for losses incurred under the management agreement).

— Equity-financed investments

Most investments during the period involve the modernisation of production facilities (particularly acquisitions and modernisation of locomotives).

Outlook

— The SNCF Infra division's **2010 structure** will develop and include:
– the Direction des Circulations Ferroviaires, an independent department officially created on 1 January 2010;
– the removal of the Direction de l'Architecture et de l'Aménagement des Bâtiments, the building planning and architecture department. This entity now reports to the new Gares & Connexions division.

— 2010 will be marked by the **negotiation of major contracts with RFF**, i.e. the management agreement, the SNCF-Entrepreneur agreement or the supply agreement. SNCF Infra considers this to be a decisive step towards a sustainable business model.

— **Industrialisation** will continue with 4,900 km of additional lines compared to 2009 and strategic planning for all national lines.

— The volume **renewal programme** will also step up its pace, increasing from €1,315 million in 2009 to €1,500 million in 2010, with, for example, 14% additional track renewals totalling €138 million in 2010.

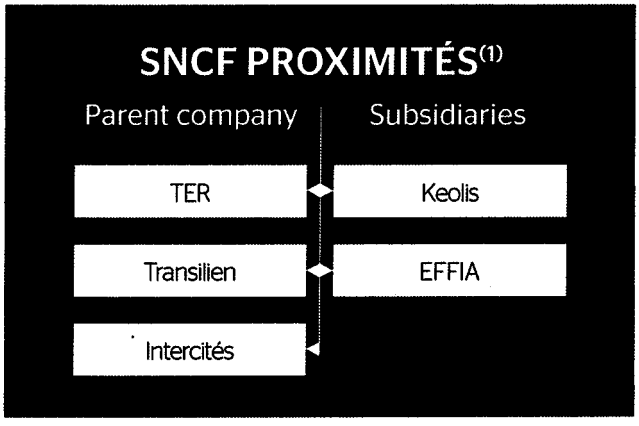
— Halfway through the year, RFF should appoint the group selected for the concession of *Sud Europe Atlantique* and *Bretagne Pays de Loire* high-speed lines. SNCF Infra is present in two of the three groups via Systra and Inexia. In the same period, the high-speed line concession in Saudi Arabia should also be assigned, for which the SNCF Group and SNCF Infra are potential candidates for line

(1) An IMPAQT development contract for Île de France was jointly signed in 2008 with STIF and RFF (€627 million over eight years, 50% co-financed by SNCF) for the modernisation of rolling stock and the renovation of Transilien stations and infrastructures.
(2) Action programme, initiated in May 2008, in order to accelerate the modernisation of the RER D line.
(3) Three-year action programme, initiated in July 2007, to facilitate the modal shift from road transport to the train.

maintenance. The division is also preparing a response to the call for tenders for the Nîmes and Montpellier bypass project.

— SNCF Infra will continue to provide various supplies and services on the Rhin-Rhône high-speed line. This will remain the main project in 2010, in order to maintain the same quality of supplies as in 2009.

2-2 SNCF PROXIMITÉS DIVISION



(1) Excluding the new Gares & Connexions division.

The SNCF Proximités division encompasses all the Group's local transport activities: medium distance links (Intercités), rail transport regulated services (TER, Transilien, Chemins de Fer de la Corse and the Keolis UK subsidiaries), bus, tramway and subway (Keolis) and complementary services (Effia).

in € millions	2009	2008	Change
Revenue	6,579	6,340	239
Gross profit	302	457	-155
Gross profit/revenue	*4.6%*	*7.2%*	
Current operating profit	-25	141	-165
Equity-financed investments	-297	-265	-32

Highlights

— The **economic and competitive context** involved a major economic slowdown, which curbed traffic growth in France and abroad and reduced contract remuneration. All the division's activities were impacted by this unfavourable economic context: fall in indices pertaining to contributions, decrease in traffic income. The crisis also weighed heavily on the resources of the Transport Organising Authorities (regions and STIF), thus upsetting current negotiations and development projects.

— **Transilien** experienced a difficult year from a business perspective: traffic improved slightly (+0.3%). Occasional traffic (particularly weekend traffic) bore the brunt of the impacts of the economic climate. In addition, inflation had a direct impact on the indexation of the operating contribution paid by the STIF. In terms of offering, Transilien successfully initiated the rescheduling of several lines (lines J, R and N). The year-end highlight was the circulation of the first Francilien train on the H line on 14 December 2009.

— **TER activities** reported slight growth in the first half of 2009 (+2.6% in traffic at the end of June compared to the same period in 2008), a substantial slowdown as from the summer, and finally a return to growth in the last quarter; annual growth was estimated at +1.2%. The crisis initially impacted occasional clients and then subscribers. It also had an impact on the indexation of agreements. The average index in 2009 was 2.6 points lower than that of 2008 and totalled 1.25%.
The year 2009 was marked by the renewal of four agreements (Champagne-Ardenne, Aquitaine, Auvergne with an effective date of 1 January 2009 and Alsace with an effective date of 1 January 2010).

— For **Intercités**, 2009 marked a return to losses. The economic crisis and burdening production costs relating to the aging of trains had such an impact that the adjustment of the offering and prices could not curb the impacts of the crisis in a segment that was already structurally loss-making. With the opening of the market to competition, the issue of how to finance these links in the long-term was discussed with the French State.

— In 2009, **Keolis** recorded a 4.9% increase in revenue to €3.4 billion.
In France, Keolis maintains its sales position in a complex market: announcement of the Veolia Transport / Transdev merger, price war, aggressiveness of new medium-sized entrants, financial difficulties for certain OA. The year 2009 was marked, in particular, by the success in the Bordeaux call for tenders.

Abroad, 2009 was a remarkable year in terms of commercial development, with successes in calls for tenders for the tram in Melbourne and suburb trains going from Washington to Virginia, the renewal of the Southern franchise in the UK and the acquisition of the Flanders Coach Group.
However, in the same way as for numerous regulated activities, Keolis suffered a virtually systematic reduction in its profits due to the economic situation, particularly due to the turnaround of indices, indexation bases and adverse exchange rates.

— Despite a somewhat unfavourable environment, **Effia**, with an +8.5% increase in revenue in 2009, pursued its development in the Concessions and Parking, Transport and Mobility and Information Consulting/Systems segments.

2009 results

— Revenue

Revenue increased by €239 million in 2009 (+3.8%), compared to 2008, primarily due to:

– a development of the offering and services under new TER agreements as well as the Transilien structure (+€144 million);

– an increase in costs re-invoiced to the OA (infrastructure fees, capital expenses, etc.) (+€59 million – no P&L impact);

– a positive price impact (price and index increases), nevertheless attenuated by the sharing arrangement with the OA (results lower than contractual objectives) (+€44 million).

— Gross profit

The gross profit of the SNCF Proximités division decreased by €155 million (-33.9%) between 2008 and 2009, mainly due to:

– an increase in internal costs exceeding the rise in the indexation of TER and Transilien agreements (the negative difference amounted to -€133 million);

– partially offset by the impacts arising from the negotiation of new agreements and profits generated by the development of the offering (+€37 million).

The negative balance (-€32 million) was attributable to the impacts of the crisis on Intercités traffic and the decline in Effia's profit.

— Current operating profit

The €165 million decline in the division's current operating profit primarily results from the decrease in gross profit.

— Equity-financed investments

Transilien investments continued to expand. The acquisitions of new Francilien equipment helped to rejuvenate the fleet and improve service quality. TER investments declined due to the decrease in rolling stock overhauls and the fall in information system budgets.

Outlook

— 2010 will be marked by the completion of the **acquisition** by the Proximités division of Keolis via the contribution of Effia *(see Note 3.1 Post-balance sheet events).*

— For **TER activities**, the year 2010 will be crucial with regard to regulations. In addition to the set-up of the Alsace agreement and the extension of the Chemins de Fer Corses agreement, and considering the Regions with restricted resources, the activities should negotiate the adoption by the OA of legal and regulatory amendments: elimination of the business licence tax and replacement by the Territorial Economic Contribution, additional pension costs, carbon tax, and financing of the Rail Activity Regulation Authority.

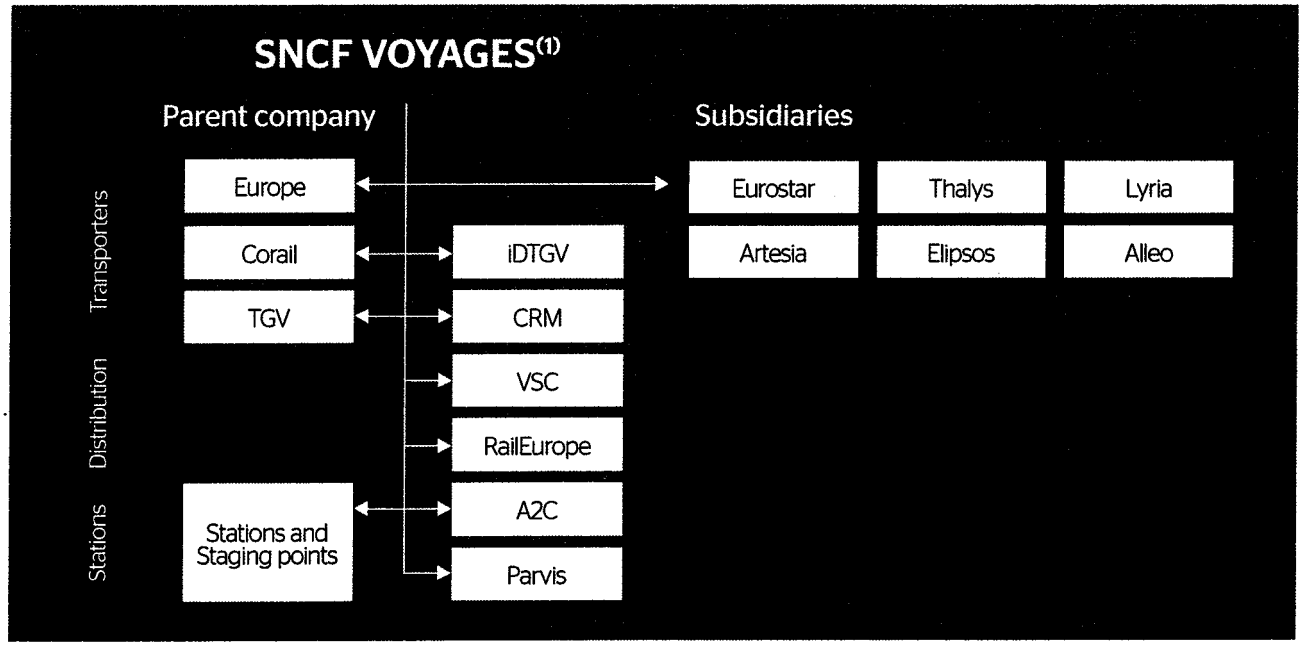
— For **Transilien**, the year 2010 will also be crucial in terms of regulations, with, in the short term, the adoption of regulatory and legal amendments for the preparation of the future STIF 2012 contract. The offering will increase significantly (+2.3%), primarily marked by the rescheduling of services on all Paris-Est lines and the cancellation of reduced summer services on several lines. This improvement in the offering will include an increase in the fleet with the gradual commissioning of the Francilien on the H line.

— For **Intercités**, a public service agreement should be signed with the French government in 2010, thus guaranteeing a status for Intercités and night trains and providing a response to the equipment financing issue.

— In France, for **Keolis**, the 2010 budget has anticipated less constant commercial activity than in 2009. The 2010 year-end will be marked by the submission of tenders in Lyons and Lille with respect to the renewal of two major contracts for Keolis, i.e. a total revenue of €550 million. Abroad, the increase in activity will be mainly based on developments made in 2009.

— The **Effia** commercial activity will be primarily driven by the Parking and Concessions division. The Transports and Mobilities activities (Effia Synergie and Effia Transport) will be marked by a stabilisation in contracts, and the profitability of Self-service Bicycle activities.

2-3 SNCF VOYAGES DIVISION



(1) Excluding the new Gares & Connexions division.

The SNCF Voyages division includes the TGV, Corail and Europe (Eurostar, Thalys, Lyria, etc.) carriers, and the related service providers, Gares & Connexions, Distribution (with among others Voyages-sncf.com) and Train Management.

in € millions	2009	2008	Change
Revenue	7,375	7,465	-89
Gross profit	1,151	1,565	-414
Gross profit/revenue	*15.6%*	*21.0%*	
Current operating profit	707	1,128	-421
Equity-financed investments	-847	-739	-107

Highlights

— Whereas, since 2003, the division's results have steadily improved, driven by the development of the high-speed network in France and Europe, the growth in demand and a dynamic sales policy, 2009 was marked by a sudden deterioration in the economic climate. This had a significant impact on the SNCF Voyages carriers activity: following an 8% increase in 2008, revenue declined by 1.2% in 2009.

— In reaction to this reversal in the economic situation, the division implemented action plans in order to attenuate the impact of the economic crisis on its results:
– business recovery plan intended to limit the impact of the economic crisis on revenue: TGV Prem's weekend offers, reductions in customer cards, the "*Prix d'ami 12-25*" offer, the "*Petits et grands*" offer, TGV 100% Prem's offers, the launch at the end of March of the "*Enfant Famille*" card, and the testing in July of an offering dedicated to families and proposed during the school holidays, TGV Family, which will continue until December;
– tailoring of the offering / reductions in capacity by streamlining TGV services circulating before or after peak periods and in intersector relations, the discontinuation of the iDTGV service to Nantes, the downward revision of Eurostar and Thalys transport plans to adapt to changes in demand;
– reduction in operating expenses by cutting operating costs and consulting and communications budgets, the postponement or staggering of projects, the decrease in the funds from the customer loyalty programme and productivity gains.

— In this crisis context, the division focused its efforts and resources on projects with high added-value for customers, in order to set itself apart from the TGV offering in connection with the opening to competition:
– the "major incidents" project, initiated at the end of 2008, the purpose of which is to look after and inform customers with transport difficulties;
– Libert-e (dematerialisation of tickets) and 50% Internet (development of Internet in the client relations) projects;
– Connexion TGV: deployment of a multimedia portal and high-speed Internet on board trains;
– the Railteam project: partnership between European high-speed operators in order to facilitate international travel;
– prospection of new markets in Europe (investment in NTV) and worldwide (high-speed link projects in the United States, Saudi Arabia and Morocco);
– development in the division's organisation based on five strategies in order to decentralise the coordination of production, services and economic performance, improve economic efficiency and increase flexibility compared to competition.

2009 results

— Revenue

The economic crisis and the depreciation of the pound sterling (negative impact of -€28 million) weighed heavily on the division's 2009 revenue which declined very slightly compared to 2008 (-€89 million or -1.2%):

The domestic market showed considerable resistance to the crisis, with TGV traffic income up 0.6% (1.7% including iDTGV). However, TGV occupancy rates decreased by 4.1 points, particularly in first class (-5.9 points), a segment which suffered as a result of the weakness of the professional market. In addition, passenger behaviour changed in the leisure (systematic search for low prices, last minute purchases) and business (shift in travel from first class to second class) segments. Teoz reported a decrease of 4.2%.

The difficult economic context had greater repercussions in the international market, particularly on business relations. Thalys and Eurostar reported respective losses of 4.4% and 13.2%. This decline in Eurostar revenue lies in a combination of several factors: reduction in the transport plan in the first quarter, depreciation of the pound sterling, impact of the economic crisis in the United Kingdom in the business segment and traffic disruptions in the tunnel at the end of December 2009.

The crisis also impacted international distribution subsidiaries during the peak season.

— Gross profit

The SNCF Voyages division's economic performance was hindered by the unexpected scope of the economic and financial crisis, which weighed heavily on demand, and by the increase in operating expenses: gross profit declined by €414 million compared to 2008. The €89 million decline in revenue was accompanied by a €325 million increase in operating expenses. However, this increase mainly involved external expenses or expenses relating to internal management rules and non-recurring impacts (+€282 million or +14.7%):

— €141 million rise in external expenses:

– infrastructure fees (+€82 million) mainly due to a price impact of +5.3%;
– traction energy costs (+€40 million, including €75 million as a result of the non-recurring impact of electricity pricing adjustments recognised in 2008 in respect of 2007);
– income taxes (+€19 million) due to the creation in 2009 of a new contribution (ARAF) and increase in the business licence tax.

— €70 million impact arising from the management rule amending the corporate fee;

— non-recurring impacts in the amount of €71 million, of which €51 million with respect to the provision for cessation of activity and €20 million relating to the Eurostar status change.

Excluding the rise in external or non-recurring expenses or expenses relating to internal management rules, the increase in the division's operating expenses was limited to €43 million (+1.1%), mainly attributable to a price impact involving employee benefits expense.

— Current operating profit

The €421 million decline in current operating profit compared to 2008 was primarily attributable to the decrease in gross profit by €414 million.

Depreciation and amortisation increased by €19 million (4.7%), as a result of the division's investment programme.

— Equity-financed investments

Equity-financed investments increased by €107 million due to the continuation of the TGV train purchase programme and the acceleration of station programmes.

Outlook

— The major event of 2010 for the SNCF Voyages division will be the change in the status of Eurostar and the creation of a new fully consolidated subsidiary in the SNCF financial statements *(see Note 3.3 Post-balance sheet events)*.

— After a year of recession, business activity should stagnate in 2010, thus reducing the chances of a major recovery in demand. The division is therefore expecting a stagnation in traffic, excluding new offerings.
However, the division's external expenses will increase significantly due to regulatory changes (RFF infrastructure fees, increase in the electricity invoice, coming into effect of the European regulation on passenger rights, set-up of a contribution by rail companies to the ARAF financing). Overall, these changes will result in an increase in expenses of around €250 million in 2010.

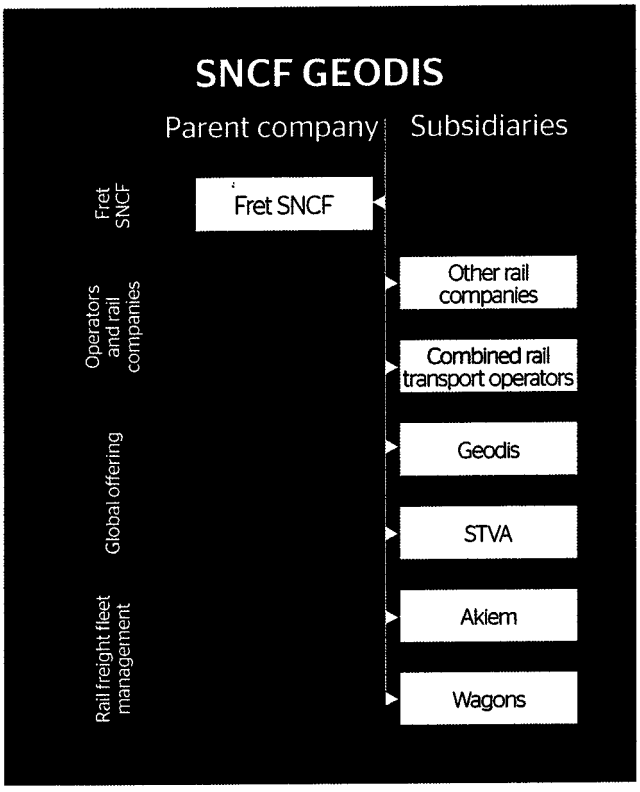
— The year 2010 will witness the opening-up of international traffic to competition. Even though the impact of this change in revenue will not be immediate, the division must nevertheless be in a position to strengthen the TGV's competitive edge in the domestic market and take advantage of international growth opportunities in Europe and worldwide. In 2010, the division will therefore implement its strategic plan based on:
– the improvement in customer satisfaction, in order to raise the percentage of very satisfied customers by one point per year;
– the creation of an added-value brand;
– the development of the online customer relationship: place Internet at the heart of the customer relationship and strengthen VSC's leadership position on the web;
– Europe, with the aim of achieving one-third of traffic growth outside France and gaining one point per year in the overall satisfaction of foreign customers;
– business performance: improve fleet and labour productivity.

— In accordance with the strategic plan, the division selected a limited number of priority projects to be completed in 2010, in a very restricted budgetary context:
– the continuation of the "Major incidents" projects (notification and assistance for passengers with transport difficulties);
– IS developments required to improve the quality of production and productivity of the TGV fleet;
– projects to modernise and reinforce the business efficiency of distribution: Libert-e, acceptance fees, overhaul of the VSC site architecture;
– European development projects: creation of Eurostar International Limited, transformation of Lyria, development of Thalys, set-up of a joint venture with Renfe for the operation of the Perpignan - Barcelona high-speed line;
– the Connexion TGV project (deployment on the Eastern high-speed line in 2010).

— The SNCF Voyages division anticipates very limited changes in its 2010 offering (+0.9%). The fleet no longer serves as a gauge for the TGV offering: the 15 double-decker trains commissioned in 2010 will generate an excess capacity due to the low demand. New carriages will be mainly assigned to long trains or new TGV and iDTGV services if they satisfy a market requirement. Only Thalys, with the opening of the Dutch high-speed line, and Lyria, with the opening of the end of 2010 of the Haut-Bugey line, will witness a significant step-up in their offering in 2010.

— The scope of the SNCF Voyages division will be modified with the assignment of the Stations and Staging Points department and the A2C subsidiary to the new Gares & Connexions division.

2-4 SNCF GEODIS DIVISION



The SNCF Geodis division includes a full range of transport and freight logistics businesses.

in € millions	2009	2008	Change
Revenue	7,377	8,027	-649
Gross profit	-49	269	-318
Gross profit/revenue	*-0.7%*	*3.3%*	
Current operating profit	-420	-86	-334
Equity-financed investments	-414	-567	154

Highlights

— The year 2009 was marked by an unprecedented deterioration in the economic climate and the volume of exchanges. Subsequently, all freight and logistics businesses worldwide were affected, particularly network industries, as well as freight forwarding, parcel delivery and express and rail freight businesses. The decline in revenue amounted to -8.1% for the division compared to 2008, -19.5% for STVA, considering the automotive market and -21.5% for Fret SNCF.
This situation was shared by all market players. By way of example, in rail freight, in the first six months of business in 2009, the decline in revenue compared to the first half of 2008 totalled 25% for DB, 35% for RENFE and 37% for PKP.

— Despite this difficult economic climate, the SNCF Geodis division strengthened its organisation around its three primary businesses, freight forwarding/logistics, rail freight and rail freight fleet management:

– by launching new businesses:
- the Supply Chain Optimisation (SCO) division, arising from the acquisition by Geodis of IBM Global Logistics, that started up on 15 March 2009;
- the Akiem business, locomotive leasing and management firm;

– by strengthening its industrial facilities through targeted acquisitions:

> Geodis:
- acquisition of 3 parcel delivery and express agencies from the Mory group (1 June 2009);
- acquisition of businesses from the parcel delivery and express firm Cooljet (1 October 2009);
- acquisition of 2 logistics firms in Italy, SCRI and Sincrolog (mid-May 2009);
- acquisition of Giraud's activities involving Eastern countries and the steel industry.

> Rail companies:
- increase in the investment in Novatrans from 39.91% to 96.39% (1 November 2009);
- Veolia Cargo Germany, Netherlands and Italy (30 November 2009).

— Finally, following the French government's commitment to promoting ecological transport in order to increase the percentage of non-road and non-air freight from 14% to 25% by 2022 (French cabinet meeting report of 16 September 2009), resulting in the investment of €7 billion in infrastructures by 2020, the SNCF Group presented to the Board of Directors of 23 September 2009 a development plan for a new environmentally-friendly freight transport system.

— The purpose of this development plan is to significantly transform Fret SNCF and reinject the cost savings of €1 billion generated over the next five years in innovative multimodal products contributing to the government's modal shift objective.

— The Group accounted for the changes in the economic climate and gradual roll-out of the development plan for a new environmentally-friendly freight service by recognising a non-recurring impairment loss of €711 million in the 2009 financial statements *(see Note 1.2 Major events in 2009)*.

2009 results

— Revenue

2009 revenue decreased by €649 million compared to 2008 (-8.1%). On a constant Group structure basis, revenue declined by 16.7%.

The €649 million decrease was primarily due to:
– a decline in activity by €1,291 million in all division segments:
• €812 million for Geodis, including €216 million for the Parcel Delivery and Express division and €436 million for the Freight Forwarding division;
• €343 million for Fret SNCF: a 26.5 GTK (Giga Tonnes per Kilometre) decline (26.5 GTK in 2009 vs. 35.9 GTK in 2008);
– positive Group structure impacts in the amount of €688 million *(see Note 1.1 General observation on Group results)*;
– a negative foreign exchange impact of €46 million, primarily for the Geodis Freight Forwarding division.

— Gross profit

The €318 million decline in gross profit was attributable to:
– the €120 million decrease in Geodis' profit, the decline in business being partially offset by cost savings;
– the €204 million decline in Fret SNCF's profit, including €30 million arising from the provision for the gradual cessation of activity and €37 million from the non-recurring impact of the electricity price adjustment recognised in 2008 in respect of 2007;
– a negative Group structure impact of €8 million, mainly within the Geodis Supply Chain Optimisation (SCO) division, whose roll-out required integration and transformation costs.

— Current operating profit

Current operating profit followed the same downward trend as gross profit, dropping by €334 million compared to 2008.

— Equity-financed investments

Equity-financed investments declined in 2009 due to the decrease in transport equipment purchases (-€122 million) and the reduction in investments in other property, plant and equipment (-€43 million, 2008 being marked by the commissioning of the Bonneuil parcel delivery and express platform).

Outlook

— The division's budget does not anticipate any turnaround in activity. 2010 will be a year of transition, during which the adjustment measures and organisational projects initiated in 2009 will take effect.

— As for rail freight, the development plan anticipates the roll-out as from 2010, and until 2015, of nine industrial projects:
– develop the mass train transport offering on a European scale;
– replace the individual wagon network with a set of "multi-wagon, multi-customer" lines;
– create a tailored service for current individual wagon customers;
– accelerate the development of combined land, maritime and river transport. To this end, the SNCF Geodis division is managing the transformation of Novatrans into an effective tool for carriers;
– develop the rail motorway offering, which will result in the Group's involvement in Lorryrail (Perpignan-Bettembourg) in 2010 and the renewal of the concession, expected in early 2011, of the Alpine Rail Motorway;
– create or promote initiatives for the creation of local rail operators;
– develop high and very high-speed rail freight;
– pursue innovative strategies with regard to urban logistics;
– create a multimodal maritime and land platform network.

— These projects will be rolled out at the same time as the transformation of Fret SNCF, resulting in the creation of five Freight entities, within the parent company:
– four entities which will control their production / sales: Coal-Steel ("Belle-Ile" project), Automotive-Chemicals, Combined Transport, Road&Rail;
– a Multi-Wagon Multi-Customer entity which will market the multi-wagon multi-customer offering, thus overhauling the individual wagon transport plan.

— At the same time, 2010 will be the year to strengthen the division's European rail company network, mainly following the acquisition of the German, Dutch and Italian subsidiaries of Veolia Cargo. A trademark common to these rail companies - CAPTRAIN - was launched.

— As for Geodis, against a backdrop of intensified competition and pricing pressure, 2010 will be a year of commercial development and innovation:
– the aim in the traditional business sectors, particularly France Parcel Delivery and Express and Logistics, is to obtain market shares through a sales organisation satisfying the needs of shippers and contributing to the development of cross-selling for major customer accounts;
– with regard to the SCO activity, the aim is to perfect the integration of industrial facilities, particularly with respect to information systems in order to win new global customers.

— With regard to rail freight fleet management, 2010 will be marked by the consolidation of Ermewa, which will provide the division with the fleet management expertise and know-how of its teams, thus helping to improve the efficiency and profitability of these activities.

2-5 COMMON OPERATIONS AND INVESTMENTS

The Common Operations and Investments division encompasses the Group's support functions, the Equipment and Traction service providers, the Real Estate activities (ICF, SNEF) and a few subsidiaries and affiliates such as SeaFrance.

a) Equipment

The Equipment division implemented its "*2012 Performance*" programme, in line with the "*2012 Destination*" corporate strategy. The aim of this programme is to rank the division among the major European leaders in maintenance. The division therefore set up the "M project" in 2009 with a close site coordination.

In practice, during 2009, this resulted in several major projects including:

— **joint construction with customer activities** resulting in cooperative work with **SNCF Voyages** in order to improve the return on TGV trains in view of the launch of the Rhin-Rhône high-speed line, the corporate programme which aims to increase the punctuality of **TER and Intercités trains**, the contribution to the "TER performance" project, assistance to **SNCF Proximités** in new and innovative rolling stock projects, such as the tram-train and Régiolis, the "Vivre **Transilien**" project to enhance service quality, the set-up of a services catalogue for the train manufacturing process, support for **Fret SNCF** during the crisis by seconding agents from the Equipment division to Technicentres with heavy workloads or by the long-term storage of rolling stock, an approach geared more towards the **lifecycle cost** of engines during the renovations of TGV Sud-Est trains, etc;

— the **continued modernisation of industrial facilities:** to better satisfy the requirements of customer activities and the emergence of new equipment, the industrial facilities continued to be adapted during 2009 with the set-up of new operating sites and/or installations, including the TGV maintenance operating unit at the Lyons Technicentre, the environmentally-friendly Joncherolles site at Paris Nord for the arrival of the Francilien, the new TER maintenance workshop in Rennes or the third TER maintenance workshop in Lyons;

— an **opening-up to the external market** via the creation of a 100% Equipment subsidiary called IMTS to prepare for the competition and improve the sale of its services. Contracts signed with Socofer and Voith Turbo for the modernisation of infrastructure loco-tractors, with VFLI (SNCF subsidiary) for the maintenance of its engines, with Vossloh in order to propose maintenance offers to operators using Vossloh locomotives in France and Benelux, with Ned Train (Equipment subsidiary of the Dutch EF) to repair its axles (2nd major running gear maintenance contract signed after Eurotunnel in 2006);

— a **more environmentally-friendly, economical and social approach** to prepare for the future: presentation in February of the first ever Intercités Wheelchair User carriage, the "*Créa - toilettes*" project for TGVs and Teoz, the "Train Labo d'Accessibilité" exhibition to facilitate life on board trains, vinyl wrapping of the RER C for a warmer on-board atmosphere and very preliminary technical work with constructors on the major "Régiolis" projects where accessibility, recyclability and pollution control have been revamped;

— **preparation and support for** customer activities relating to the emergence of new rolling stock: the Bombardier Francilien commissioned on 13 December in Ile-de-France on the H line, the order of a new generation of "*Régiolis*" TER.

b) Traction

The year 2009 was marked by a decline in the transport plan, primarily regarding Fret SNCF, and by tighter management of the equilibrium between driving costs and resources, coordinated by the Traction division with Fret SNCF management.

With regard to passengers, there were the following developments in offerings:

— the set-up of TER scheduling in December 2008 for the PACA and Bourgogne Nord regions and Normandy lines (TER + Intercités);

— the preparation of the scheduling in December 2009 of the Transilien P line;

— set-up of the RATP/SNCF interoperability on the B line effective since November 2009.

Operating procedures were also marked by the set-up of driver pool structures:

— creation of a pool responsible for dealing with production uncertainties in Ile de France (work, additional training, etc.);

— creation of a national SNCF Infra pool bolstered by regional pools to meet this activity's specific requirements (major projects, transport of motors, etc.).

In 2009, the Traction division contributed to the company's managerial transformation through the gradual integration of Regional Business Entities (EAT) in design and adaptation platforms, confirming the reconciliation of Traction and TER teams. This integration contributes to greater product and performance control by each of the TER activities, enabling it to coordinate the design of its transport plan linking the engines, agents and drivers.

c) Real estate

The contribution of the **housing division (ICF-Novedis)** to revenue increased by 0.7% (to €85.9 million) compared to 2008, despite a 6% average decrease in the fleet; gross profit (€35 million) rose by 23%. ICF-Novedis benefited from the contribution of 440 housing units from SNCF at the end of December 2009 for a value of €48 million, thus enabling it to strengthen its financial structure.

An office real estate firm, S2FIT, a wholly-owned subsidiary of SNCF Participations, was incorporated on 31 December 2009. It received 25 office blocks in the amount of €188 million; they are occupied and leased by SNCF. The contribution of financed leased buildings is planned for 2010.

Despite an uncertain economic environment, the SNEF Group (real estate and property development) reported solid results in 2009, delivering within the time allotted the Bordeaux Rail Hotel Residence, which will be followed in 2010 by the Paris-Austerlitz Residence.

d) Maritime transport

In keeping with expectations, SeaFrance's position deteriorated significantly in 2009, in a worsening economic context, but was a little better than expected at the end of the year.

The severe recession in the United Kingdom had a very negative impact on the cross-channel freight flows, with a marked improvement in the last quarter. The tourism market suffered less than freight, with the number of vehicle trips remaining virtually stable compared to 2008. However, these achievements were only made possible by a price war initiated by British rivals with a devalued currency.

The year 2009 also represents the first full year of operations of SeaFrance Molière, which helped rejuvenate the fleet and increase the capacity offered, but also generated a substantial debt in the company's accounts, at a time when reduced activity did not generate sufficient cash flow.

As from February 2009, the worrying results of 2008 and the difficult outlook for 2009 led to the presentation of a draft recovery plan. Despite extensive discussions which resulted in an adjusted plan, with reduced job losses, an agreement on the job protection plan and the new working organisation was only possible in early 2010, after the intervention of a mediator.

The savings defined in the recovery plan, particularly on mass payroll, were therefore limited in 2009. The fleet was reduced to 4 units as from 12 February, the completion date of the Eurotunnel work but according to pre-existing shipping agreements. Ships were firstly scheduled for 274 weekly crossings, and then, from mid-October, for 214 crossings per week as defined in the plan.

In 2009 as a whole, SeaFrance's activity was marked by:

— a truck volume lower than 12% in 2008 in a market that dropped by 14% compared to 2008;

— a number of cars lower than 17% in 2008 in a market that dropped by 0.6% compared to 2008.

The 2009 revenue totalled €176 million, plummeting by €47 million (21%) compared to 2008.

With operating costs down by 20.1%, primarily due to the decline in the number of ships in operation, the gross deficit totalled -€10 million (-€12 million in 2008).

Taking into account depreciation, amortisation and provisions (particularly for restructuring), financial and exceptional items, a net loss of €67 million was reported in 2009 compared to a net loss of €25 million in 2008.

Net worth and equity have become negative, underlining the urgent need for a business continuity plan, and a recapitalisation of funds by shareholder.

3 Investments and debt

3-1 INVESTMENTS

In € millions		2009	2008	Change	
Equity-financed investments	A	-2,211	-2,274	63	-3%
Net disposals	B	221	171	51	30%
Equity-financed investments net of disposals	**A+B**	**-1,989**	**-2,103**	**114**	-5%

Equity-financed investments decreased slightly compared to 2008 to €2,211 million, due to:

– the €154 million decrease in SNCF Geodis division equity-financed investments (slowdown of transport equipment purchases and commissioning in 2008 of the Bonneuil parcel delivery and express platform);

– the acquisition by SeaFrance of a ship during 2008 (€120 million);

However, the SNCF Voyages, SNCF Proximités and SNCF Infra divisions reported increases in their investment volumes, mainly due to rolling stock acquisitions.

Furthermore, SNCF contributed €327 million to the 2009 government recovery plan.

The increase in net disposals was mainly due to the disposal of the Batignolles site.

3-2 GROUP NET DEBT

In € millions	31/12/2009	31/12/2008	Change
Non-current debt	14,887	14,646	241
Non-current receivables	-6,549	-7,889	1,340
Net non-current debt	**8,338**	**6,757**	**1,581**
Current debt	6,464	8,023	-1,559
Current receivables	-7,630	-8,748	1,117
Net current debt	**-1,167**	**-725**	**-442**
Net debt	**7,172**	**6,032**	**1,140**
Gearing	*1.1*	*0.8*	

Net debt amounted to €7.2 billion as at 31 December 2009, for a gearing ratio of 1.1 (versus 0.8 at the end of 2008). Cash from operations as a percentage of net debt decreased from 34% at the end 2008 to 21% at the end of 2009.

The €1.1 billion increase in debt compared to 31 December 2008 breaks down as follows:

In € millions	
Opening net debt	**6,032**
Cash from operations	-1,499
Capital expenditure on PP&E net of grants and disposals	1,990
Financial investments	510
Change in working capital	12
Change in fair value	-100
Dividends paid to the French State	183
Other	43
Closing net debt	**7,172**

Financial investments mainly involve the acquisition of IBM Global Logistic assets (€295 million) and the acquisition of Veolia Cargo (€77 million, net).

3-3 FINANCING SOURCES AND DEBT MANAGEMENT

Non-current debt increased by €0.2 billion, while current debt decreased by €1.5 billion.

These changes are primarily explained by the following parent company issues and maturities:

– financing totalled €2.9 billion. The issues primarily represent two bond issues for €2.7 billion and a Eurofima loan of €0.1 billion;

– reimbursements totalled €4.0 billion and primarily represent two bond issues for €2.5 billion, a Geodis loan for €0.45 billion, a GIE Financière Sceta loan for €0.45 billion, the corporate savings plan for €0.2 billion and a Eurofima loan for €0.2 billion.

Given the aforementioned issues and maturities, the fixed-rate portion of the debt stood at 66% at the end of 2009.

The parent company manages most of the Group's net debt. It carried 93% of the Group's external financing as at 31 December 2009, compared to 77% as at 31 December 2008.

The SNCF Group long-term debt was AAA rated by rating agencies.

Non-current receivables declined by €1.3 billion, while current receivables decreased by €1.1 billion mainly due to:

– maturities of the RFF (€0.4 billion) and CDP (€1.2 billion) receivables;

– full repayment in 2009 of the Employee Pension and Provident Fund current account (€1.5 billion);

– cash increase in the amount of €0.8 billion.

3-4 GROUP EXPOSURE TO MARKET RISKS

The management of market risks is governed by a general framework, approved by the SNCF Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the notes to the 2009 consolidated financial statements.

4 Consolidated balance sheet and ratios

In € millions	31/12/2009	31/12/2008
Goodwill	886	633
Intangible assets	605	496
Property, plant and equipment	23,074	22,384
Non-current financial assets	6,850	8,077
Investments in associates	429	410
Deferred tax assets	992	1,185
Non-current assets	**32,837**	**33,185**
Operating assets	6,765	5,985
Current financial assets	3,529	5,468
Cash and cash equivalents	4,101	3,280
Current assets	**14,395**	**14,733**
Assets classified as held for sale	1	17
TOTAL ASSETS	**47,234**	**47,935**
Share capital	4,971	4,971
Consolidated reserves	2,527	2,140
Net profit for the year	-980	571
Equity attributable to equity holders of the parent	**6,518**	**7,681**
Minority interests	78	75
Total equity	**6,596**	**7,756**
Non-current employee benefits	1,594	1,242
Non-current provisions	1,175	911
Non-current financial liabilities	14,887	14,646
Deferred tax liabilities	96	97
Non-current liabilities	**17,753**	**16,896**
Current employee benefits	81	81
Current provisions	240	140
Operating payables	16,093	15,002
Operating liabilities	***16,415***	***15,223***
Current financial liabilities	6,464	8,022
Current liabilities	**22,878**	**23,245**
Liabilities directly associated with assets classified as held for sale	6	38
TOTAL EQUITY AND LIABILITIES	**47,234**	**47,935**
Gearing (Net debt / Equity)	*1.1*	*0.8*
Cash flow from operations / Net debt	*21%*	*34%*

4-1 MODIFICATIONS TO THE 2008 COMPARATIVE BALANCE SHEET IN RELATION TO THE PUBLISHED BALANCE SHEET

The 2008 financial statements were modified in relation to the published statements to include the following elements:
– the adoption of IFRIC 13 on customer loyalty programmes;
– discounting of PEEC housing loans;
– changes to the calculation methods of certain employee commitments (occupational accident annuities, unemployment insurance, termination benefits, employee benefits).
These various modifications are shown in figures in Note 1.4 to the consolidated financial statements.

4-2 MAIN BALANCE SHEET CHANGES

There were several changes in the Group balance sheet between 31 December 2008 and 31 December 2009:
– increase in goodwill following the acquisitions performed by SNCF Geodis and IBM Global Logistics (€191 million) as well as Cooljet (€30 million);
– increase in property, plant and equipment and intangible assets following investments during the year *(see 3.1)*;
– impairment of deferred tax assets (€200 million);
– substantial decline in current and non-current financial assets *(see Note 3.3)*;
– increase in operating assets mainly on a par with the increase in trade receivables;
– increase in cash due to the cash flow from operating activities (+€1.7 billion) and the cash flow used in investing activities (-€0.9 billion);
– decrease in equity attributable to equity holders of the parent that includes the net loss for the period (-€980 million), and the dividend payment to the French State (€183 million);
– increase in non-current employee commitments as a result of the recognition in 2009 of a provision for gradual cessation of activity;
– decrease in current financial assets *(see Note 3.3)*;
– increase in operating liabilities that includes a significant increase in investment grants.

5 Financial relations with the French State, Réseau Ferré de France, and local authorities

SNCF receives public service orders, as is the case with any public service agent or supplier to the French State and local authorities, but in a monopoly legislative and regulatory framework. In addition to operating and investment grants primarily received for the activities of the Local Transport division, SNCF also receives compensation for off-balance sheet financial and social security expenses. This compensation is based on European Union regulations intended to equalise competition conditions between rail and other forms of transport.

5-1 PUBLIC SERVICE ORDERS

In € millions	31/12/2009	31/12/2008	Change
Compensation of IM by RFF	2,931	2,913	17
including Traffic and circulation management agreement	*881*	*863*	*18*
including Track and asset management agreement	*2,049*	*2,051*	*-2*
Work for RFF	1,403	1,148	254
Total RFF	**4,333**	**4,062**	**272**
Compensation for regional rates	365	338	27
Services for the Organising Authorities	3,489	3,344	145
including Infrastructure fees	*558*	*540*	*18*
Total Regions and STIF	**3,854**	**3,682**	**172**
Newspapers	5	5	0
Socially-motivated prices	67	66	1
Defence	182	171	12
Total French State	**254**	**242**	**12**
TOTAL	**8,441**	**7,985**	**456**

a) Compensation of the Infrastructure Manager by RFF (RFF management agreement)

This heading is overall stable compared to 2008 (+0.6%), primarily due to the invoicing to RFF of the partial impact of the measures relating to pensions in the amount of €40.5 million (in accordance with the letter from the Government Commissioner) and the increase in certain network modernisation programmes (IMPAQT and NDP programmes for +€24 million) which offset the negative indexation impact (-€59 million).

b) Work for RFF

The rise in this heading compared to 2008 (+€254 million) was attributable to the greater volume of renewal (+€127 million) and network development (+€53 million) operations as well as the increase in work financed under the Midi-Pyrénées rail plan (+€54 million).

c) Services for Transport Organising Authorities and the STIF

The improvement in this heading compared to 2008 (+€145 million) was mainly due to the increase in the offering, the indexation of agreements and the financing of overhaul programmes, as well as the direct repercussion on the Regions (TER) and the STIF of RFF infrastructure fees (+€18 million), offset against net profit.

5-2 GRANTS AND COMPENSATION FOR FINANCIAL AND SOCIAL EXPENSES

Public contributions granted to the company by the State and local communities are presented in the following table:

In € millions	31/12/2009	31/12/2008	Change
Operating grants	33	23	10
Investment grants received	1,131	1,354	-223
Total	**1,164**	**1,377**	**-213**

a) Public contributions included in net profit

Operating grants
These are mainly grants of a social nature paid to companies by the French State in connection with its employment policy.

b) Other payments received not impacting profit or loss

Investment grants received
SNCF receives investment grants in the form of third-party financing, primarily from local authorities, for TER rolling stock.
Investment grants are recorded as deferred income and released to operating profit (deducted from depreciation, amortisation and provisions) over the estimated economic life of the relevant assets.

6 Social segment

6-1 WORKFORCE

	31/12/2009	31/12/2008	Change	
SNCF[1]	161,771	163,485	-1%	(1,714)
Geodis Group[2]	27,018	26,811	1%	207
STVA Group	1,871	1,975	-5%	(104)
EFFIA Group	1,703	1,439	18%	264
SeaFrance	1,330	1,513	-12%	(183)
SVD Group	1,318	1,297	2%	21
SYSTRA Group	1,128	1,062	6%	66
Other subsidiaries and associates[2][3]	3,958	3,757	5%	201
Total	**200,097**	**201,339**	**-0.6%**	**(1,242)**

(1) Paid employees, including 949 employees seconded to Group subsidiaries.
(2) Rouch and Districhrono subsidiaries consolidated since 2009 in the Geodis Group (2009 workforce= 179).
(3) Of which Novatrans and Inexia.

The number of Group employees declined slightly. The decrease recorded at the SNCF parent company was only partially offset by a rise in the number of subsidiary employees (+472), which was due to the combination of the following impacts:
– a positive Group structure impact due to the acquisitions performed by the Geodis Group (impact of around +1,545 employees), the takeover of Novatrans (+255) and the acquisition of ITL (+58);
– a positive impact relating to the growth of activity at Effia and Inexia (+80 in connection with the Rhin-Rhône high-speed line project);
– a negative impact arising from the decline in the activity of the Geodis and STVA groups and the restructuring of SeaFrance.

Changes in the number of employees over recent years reflect changes in Group structure:

	2009	2008	2007	2006	2005
Parent company(*)	161,771	163,485	166,213	168,386	170,954
Subsidiaries	38,326	37,854	35,332	33,356	34,885
Total	**200,097**	**201,339**	**201,545**	**201,742**	**205,839**

(*) Paid employees

6-2 MAIN AGREEMENTS SIGNED IN 2009

The main agreements signed in 2009 are as follows:

– agreement on housing assistance for rail workers signed on 15 January 2009;

– amendment to the agreement on the professional mix between men and women signed on 24 February 2009;

– amendment to the agreement on the adjustment of working time at the end of career signed on 20 February 2009.

7 2010 challenges and outlook

7-1 OUTLOOK FOR 2010

Faced with a continually morose economic context, the SNCF Group anticipates a 4% improvement in its revenue in 2010, excluding Group structure impacts.

Since this moderate growth will not enable the Group to absorb the increasingly rapid increase in rail transport costs, its financial structure will continue to be unsettled in 2010.

Nevertheless, the growth operations undertaken in 2009, in line with the strategic Destination 2012 project, will continue in 2010; the Group's structure will be extensively modified with a revenue of €30 billion, representing almost 30% growth compared to 2007, and an increase in the number of employees to 235,000.

SNCF Proximités will be the Group's leading division in terms of revenue (one third of the Group's total), ahead of SNCF Geodis (25%).

7-2 CHALLENGES FOR 2010

They involve:

– the implementation of a new environmentally-friendly rail freight service;

– the development of long-term solutions for Intercités and night trains;

– the renegotiation of the infrastructure management agreement with RFF;

– the adaptation of the Voyages division to the changes in its environment, new market conditions and customer requirements;

– the effective implementation of the Gares & Connexions division created in April 2009.

Corporate governance

1 Board of Directors

The **Board of Directors** of the industrial and commercial public enterprise SNCF comprises eighteen members:

Seven representatives of the French State appointed by decree, based on the report of the Transport Minister:
– two at the recommendation of the Transport Minister;
– one at the recommendation of the Minister for Economy and Finance;
– one at the recommendation of the Budget Minister;
– one at the recommendation of the Minister for Planning and Regional Development;
– one at the recommendation of the Minister for Industry;
– the Chairman of the Board appointed from among directors and at their recommendation by a Council of Ministers' decree.

Five members chosen for their expertise and appointed by decree:
– a representative of passengers;
– a representative of shippers;
– two local councillors chosen for their knowledge of regional, department and local rail-related matters;
– an individual chosen for his personal expertise in the transport sector.

Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200 members.

A Council of State ("*Conseil d'État*") decree lays down the parent company bylaws and sets the procedures for the appointment and election of Board members.
Board members are appointed for a five-year term of office.
A director may not exercise more than three consecutive terms of office. Directors receive no compensation for their activities.
The Government Commissioner or, in his absence, the Assistant Government Commissioner has an advisory seat on the Board and all committees and commissions created.
The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.
The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board.
The Board of Directors holds at least ten meetings annually.
Since its renewal in February 2008, the Board of Directors now has five committees:

Strategic Committee, responsible for reviewing the annual and long-term strategic and financial directions of the parent company and the Group, as well as Group structure operations;

Audit and Risk Committee, responsible for reviewing the annual and half-yearly financial statements, risk mapping and the annual internal audit work programme;

Contracting Committee, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

Passengers Committee, responsible for monitoring of rail transport agreements between local authorities, public institutions and SNCF, and more generally overall passenger problems;

Transport and Logistics Committee, newly created, responsible for reviewing the activity and strategies of the SNCF Geodis division.

2 Management team

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name.

The Chairman has also created a management team, in the form of an executive committee, comprising seven Group executive vice-presidents. The committee coordinates and formalises the main strategic decision at both the parent company and subsidiary level.

SNCF Group Consolidated Financial Statements (IFRS)

In € millions

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Consolidated statement of financial position

Consolidated assets

in € millions	Notes	31/12/2009	31/12/2008[1]
Goodwill	5	886	633
Intangible assets	6	605	496
Property, plant and equipment	7	23,074	22,384
Non-current financial assets	9	6,850	8,077
Investments in associates	11	429	410
Deferred tax assets	31	992	1,185
Non-current assets		**32,837**	**33,185**
Inventories and work-in-progress	13	806	751
Operating receivables	14	5,959	5,234
Operating assets		**6,765**	**5,985**
Current financial assets	9	3,529	5,468
Cash and cash equivalents	15	4,101	**3,280**
Current assets		**14,395**	**14,733**
Assets classified as held for sale	23	1	17
TOTAL ASSETS		**47,234**	**47,935**

Consolidated equity and liabilities

in € millions	Notes	31/12/2009	31/12/2008[1]
Share capital		4,971	4,971
Consolidated reserves		2,527	2,140
Net profit for the year		-980	571
Equity attributable to equity holders of the parent		**6,518**	**7,681**
Minority interests	16	78	75
Total equity		**6,596**	**7,756**
Non-current employee benefits	17	1,594	1,242
Non-current provisions	18	1,175	911
Non-current financial liabilities	19 to 21	14,887	14,646
Deferred tax liabilities	31	96	97
Non-current liabilities		**17,753**	**16,896**
Current employee benefits	17	81	81
Current provisions	18	240	140
Operating payables	22	16,093	15,002
Operating liabilities		**16,415**	**15,223**
Current financial liabilities	19 to 21	6,464	8,022
Current liabilities		**22,878**	**23,245**
Liabilities associated with assets classified as held for sale	23	6	38
TOTAL EQUITY AND LIABILITIES		**47,234**	**47,935**

(1) Restated for modifications described in Note 1.4.

The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.

Consolidated income statement

in € millions	Notes	31/12/2009	31/12/2008[1]
Revenue	24	24,882	25,184
Purchases and external charges	25	-11,988	-11,847
Employee benefits expense	26	-10,415	-9,841
Taxes and duties other than income tax		-930	-867
Other operating income and expenses		139	-46
Gross profit		**1,688**	**2,583**
Depreciation and amortisation	27	-1,344	-1,257
(Charge to)/reversal of provisions		-200	-350
Current operating profit		**145**	**976**
Net proceeds from disposals of assets	29	432	244
Impairment losses	28	-1,037	-368
Operating profit/(loss)		**-460**	**851**
Net borrowing costs and other	30	-226	-454
Finance cost of employee benefits	17	-77	-50
Finance costs		**-303**	**-504**
Net profit/(loss) before tax from ordinary activities		**-763**	**347**
Share of profit of associates	11	14	32
Income tax expense	31	-205	250
Net profit/(loss) from ordinary activities		**-954**	**628**
Net profit from discontinued operations	23	-17	-40
Net profit/(loss) for the year		**-972**	**589**
Net profit/(loss) for the year attributable to equity holders of the parent		**-980**	**571**
Net profit for the year attributable to minority interests		8	18

(1) Restated for modifications described in Note 1.4.

The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in € millions	Notes	31/12/2009	31/12/2008
Net profit for the year		**-972**	**589**
Other comprehensive income:			
Change in foreign currency translation		-9	10
Change in value of available-for-sale assets	21	13	-20
Change in fair value of cash flow hedges		5	-106
Share of other comprehensive income of associates		5	-
Tax relating to other comprehensive income	31	-6	11
Other comprehensive income for the period net of tax		**8**	**-105**
Total comprehensive income for the period		**-964**	**484**
Total comprehensive income attributable to equity holders of the parent		**-972**	**466**
Total comprehensive income attributable to minority interests		8	18

The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

in € millions	Share capital	Group translation reserves	Cash flow hedging	Available for sale assets	Reserves of discontinued operations	Net accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
Equity restated as at 01/01/08	**4,971**	**-11**	**-18**	**-4**	**-10**	**2,955**	**7,884**	**348**	**8,232**
Opening adjustment	–	–	-	-	-	-163	-163	-	-163
Impact of changes in accounting method	-	0	-	-	-	-49	-49	-	-49
Equity restated as at 01/01/08(1)	**4,971**	**-11**	**-18**	**-4**	**-10**	**2,744**	**7,672**	**348**	**8,020**
Net profit for the year	-	-	-	-	-40	610	571	18	589
Other comprehensive income	-	10	-95	-20	-	0	-105	0	-105
Total comprehensive income	**-**	**10**	**-95**	**-20**	**-40**	**610**	**466**	**18**	**484**
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-131	-131	-	-131
Dividends of subsidiaries	-	-	-	-	-	-	-	-18	-18
Capital transactions	-	-	-	-	-	-	-	-	-
Other movements	0	0	0	0	-	-326	-326	-273	-599
Equity published as at 31/12/08	**4,971**	**-1**	**-113**	**-24**	**-50**	**3,115**	**7,898**	**75**	**7,972**
Opening adjustment	-	-	-	-	-	-163	-163	-	-163
Impact of changes in accounting method	-	0	-	-	-	-54	-54	0	-54
Equity restated as at 01/01/09(1)	**4,971**	**-1**	**-113**	**-24**	**-50**	**2,898**	**7,681**	**75**	**7,756**
Net profit for the year	-	-	-	-	-17	-962	-980	8	-972
Other comprehensive income	0	-9	-1	13	-	5	8	0	8
Total comprehensive income	**0**	**-9**	**-1**	**13**	**-17**	**-958**	**-972**	**8**	**-964**
Share-based payments	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-183	-183	-	-183
Dividends of subsidiaries	-	-	-	-	-	-	-	-6	-6
Capital transactions	-	-	-	-	-	-	-	-	-
Other movements	0	1	0	0	-	-10	-8	1	-8
Equity as at 31/12/09	**4,971**	**-9**	**-115**	**-11**	**-67**	**1,748**	**6,518**	**78**	**6,596**

(1) Restated for modifications described in Note 1.4.

In 2008, changes in scope of Group equity and minority interests primarily concern the acquisition of Geodis minority interests.
In 2008, the French State collected its first dividend in the amount of €131 million with respect to fiscal year 2007. A dividend in the amount of €183 million with respect to fiscal year 2008 was approved and paid to the French State in July 2009.
The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

in € millions	Notes	31/12/2009	31/12/2008
Net profit for the year attributable to equity holders of the parent	IS	-980	571
Net profit for the year attributable to minority interests	IS	8	18
Net profit for the year		**-971**	**589**
Adjustments:			
Elimination of share of profit of associates	IS	-14	-32
Elimination of deferred tax expense (income)	IS	182	-287
Elimination of depreciation, amortisation and provisions		2,819	1,777
Elimination of revaluation gains/losses (fair value)		-84	239
Elimination of net proceeds from disposals and gains and losses on dilution	IS	-433	-250
Other non-cash income and expenses		0	8
Cash from operations net of borrowing costs and taxes		**1,499**	**2,043**
Elimination of corporate income tax expense (income)	31	23	37
Elimination of net borrowing costs		229	274
Elimination of dividend income		-8	-6
Cash from operations before net borrowing costs and taxes		**1,742**	**2,349**
Impact of change in working capital		-12	-111
Taxes paid		-59	-40
Net cash from operating activities		**1,671**	**2,198**
Acquisitions of subsidiaries net of cash acquired		-453	-793
Sales of subsidiaries net of cash transferred		0	2
Purchases of intangible assets and property, plant and equipment	7	-3,342	-3,405
Disposals of intangible assets and property, plant and equipment		221	141
Purchases of financial assets		-50	-34
Disposal of financial assets		2	4
Changes in loans and receivables [1]	15	1,519	-966
Change in cash assets	15	38	-46
Receipt of investments grants		1,131	1,354
Dividends received		13	11
Net cash used in investing activities		**-921**	**-3,733**

in € millions	Notes	31/12/2009	31/12/2008
Share capital increase	Chge equity	1	18
Issue of debt instruments	15	2,900	1,891
Repayments of borrowings and the RFF receivable [2]	15	-2,463	631
Net borrowing costs paid		-237	-176
Dividends paid to Group shareholders	Chge equity	-183	-131
Dividends paid to minority interests	Chge equity	-6	-19
Increase/(decrease) in cash borrowings	15	186	-690
Net cash from financing activities		**198**	**1,525**
Effects of exchange rate changes		-16	-9
Impact of changes in fair value		3	0
Increase (decrease) in cash and cash equivalents		**936**	**-19**
Opening cash and cash equivalents	15	2,707	2,726
Closing cash and cash equivalents	15	3,643	2,707

(1) Of which proceeds of €1,472 million on the repayment of the CPRP current account in 2009 (see Note 9.4).
(2) Of which proceeds of €448 million on the RFF receivable (€1,242 million in 2008) and €1,169 million on the CDP receivable (€1,966 million in 2008).

The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

The notes presented on pages 38 to 115 are an integral part of these consolidated financial statements.
All amounts are in millions of euros (€ millions), unless stated otherwise.

1 Accounting standards base

Pursuant to Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982, Société Nationale des Chemins de fer Français (SNCF), a state-owned industrial and commercial institution "is subject to the financial management and accounting rules applicable to commercial companies." SNCF keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The consolidated financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 24 March 2010.

1-1 ACCOUNTING RULES AND METHODS

Pursuant to European Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of SNCF Group for the year ended 31 December 2009 have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union as at this date. The IFRS framework as adopted in the European Union may be consulted on the European Commission website: (http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

1-2 PRESENTATION OF STANDARDS AND INTERPRETATIONS APPLIED IN THE PREPARATION OF THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

The basis of preparation of the 2009 consolidated financial statements detailed in the following notes is the result of:

– standards and interpretations of mandatory application for financial years commencing on or before 1 January 2009;
– elected options and exemptions applied in the preparation of the 2009 consolidated financial statements. These options and exemptions are described in Notes 1.2.1 and 1.2.4.

1-2-1 Standards published by the IASB that do not apply in the European union as at 1 January 2009

The following amendments, standards, and interpretations, published by the IASB, were not applied in the financial statements for the year ended 31 December 2009, as they had not been adopted by the European Union at this date or were adopted for application subsequent to 1 January 2009:

– IFRIC 12, *Service Concession Arrangements*, is applicable to financial periods commencing on or after 1 January 2008. This text provides clarification on the application of the financial asset and intangible asset models when accounting for service concession arrangements. Contracts likely to fall within the application scope of this text are currently being analysed. This text was approved by the European Commission on 26 March 2009 and is applicable to financial periods commencing on or after 29 March 2009, or the financial period commencing on 1 January 2010 with respect to the Group;

– IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* is applicable to financial periods commencing on after 10 ctober 2008 according to the IASB and 1 July 2009 in the European Union, or 1 January 2010 for the Group. This interpretation describes the conditions necessary for hedge accounting when an entity hedges against the risk arising from its net investments in foreign operations and the amounts to be reclassified from equity to profit or loss in the event the operation is sold.

The other amendments, standards, and interpretations, published by the IASB, and not adopted by the European Union do not apply to the SNCF Group.

1-2-2 Standards and interpretations published by the IASB whose application is mandatory for financial periods commencing on or after 1 January 2009

– IFRS 8 *Operating Segments* enters into application on 1 January 2009. The principles set forth in this standard call for the alignment of segment information with the data used by management (particularly internal reporting).

– IAS 1 revised *Presentation of Financial Statements* applicable on or after 1 January 2009. The revised standard, approved by the European Commission on 17 December 2008, is intended to improve the analysis and comparability of information provided in the financial statements. Specifically, it calls for the creation of a new financial statement (Statement of comprehensive income), which would replace the current income statement that combines all income and expenses, whether or not they are recorded in profit or loss. In accordance with the option provided by the standard, the Group will not change the income statement presentation but will add a table presenting other comprehensive income comprising income and expense items (and reclassification adjustments) that were not recorded in profit or loss as required or authorised by other standards. The amendments introduced by the revised standard will also have an impact on the presentation of the statement of changes in equity. Columns have been added to present the impacts of cash flow hedges, available-for-sale assets, and reserves for discontinued operations.

— IAS 23 revised *Borrowing Costs:* applicable on or after 1 January 2009. The principles set out in this text represent the new benchmark treatment of borrowing costs directly attributable to the acquisition, construction or production of an asset, which must be capitalised in the cost of the asset. This standard was approved by the European Commission on 10 December 2008. As the standard is applicable prospectively, it had no material impact on the consolidated financial statements.

— IFRIC 13 *Customer Loyalty Programmes,* mandatory application for financial periods commencing on or after 1 July 2008. This interpretation requires that the initial sale be recognised separately from the benefit granted. The latter should be considered as deferred revenue and not a contingency provision. The impact on the consolidated financial statements is a decrease of €49 million in the 2008 opening equity balance, €54 million in the 2009 opening equity balance and €5 million in the 2009 revenue *(see Note 1.4.1).*

— IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions,* is applicable to financial periods commencing on or after 1 March 2007, according to the IASB, and as at 1 January 2009 in the European Union. This interpretation considers agreements granting employees entitlement to equity instruments of the Group as equity-settled transactions, irrespective of the way in which the entity acquires such instruments for grant to employees. The text had no material impact on the Group financial statements.

— IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* applicable to financial periods commencing on or after 1 January 2008 according to the IASB and 1 January 2009 according to the European Union. This interpretation provides indications as to how to determine the "available" asset in terms of refunds or reductions of future contributions that can be recognised with respect to a pension regime surplus based on IAS 19. It also clarifies how an asset or liability arising from post-employment or other long-term benefits can be allocated in the case of a legal or contractual minimum funding requirement. The Group has no material assets with respect to defined benefits. The text had no material impact on the Group consolidated financial statements.

— Amendments to IFRS 7 *Improving Disclosures about Financial Instruments,* applicable to financial periods commencing on or after 1 January 2009, were published on 5 March 2009 by the IASB and approved by the European Union in November 2009. They introduce three levels of disclosure regarding fair value measurement and require additional information on its relative reliability. In addition, they clarify and enhance the provisions relating to liquidity risk disclosures to better understand the scope and nature of this risk and the manner in which it is managed. There was no material impact on the Group.

— Amendments to IFRIC 9 and IAS 39 regarding embedded derivatives were published by the IASB on 12 March 2009 and are applicable to financial periods ended as of 30 June 2009. These amendments were approved by the European Union in November 2009. They stipulate that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and separately accounted for in the financial statements. The Group chose not to proceed with the conditional reclassification of certain financial assets following the amendments published by the IASB regarding IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures.* The amendments to IFRIC 9 and IAS 39 had no impact on the Group consolidated financial statements.

The other amendments, standards, and interpretations, published and applicable on or after 1 January 2009, had no impact on the Group consolidated financial statements.

1-2-3 Standards and interpretations not adopted in advance for the preparation of the 2009 consolidated financial statements

The Group has generally not opted for the early application of the standards and interpretations applicable to financial periods commencing on or after 31 December 2009 regardless of whether they were adopted by the European Commission. Specifically, the Group has not applied the following standards and interpretations for fiscal year 2009:

— IFRS 3 revised *Business Combinations,* applicable to acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, or 1 January 2010 for the SNCF Group. This standard amends the accounting treatment for acquisitions of subsidiaries. For operations that began in 2009 and ended in 2010, the Group expenses the acquisition-related costs incurred in 2009. This standard was approved by the European Commission in June 2009;

— IAS 27 revised *Consolidated and Separate Financial Statements,* applicable to the accounting treatment, not covered by the current standards and interpretations, of changes in the level of ownership on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, or 1 January 2010 for the SNCF Group. This standard was approved by the European Commission in June 2009;

— the amendments to IAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* seek to specify the risks that qualify for designation as a hedged risk and what qualifies as a hedgeable portion of a cash flow for hedge accounting purposes.

These amendments are applicable to financial periods commencing on or after 1 July 2009, or 1 January 2010 for the Group.

1-2-4 Description of accounting options adopted

1-2-4-1 IFRS accounting options adopted by the Group

Certain IASB standards offer options with respect to the measurement and recognition of assets and liabilities. The Group therefore opted:

– to measure intangible assets and property, plant and equipment at amortised/depreciated historical cost and did not elect to revalue these assets at each period-end;

– to record actuarial gains and losses in respect of post-employment benefits generated after 1 January 2006 in accordance with the corridor method, which provides for the amortisation of actuarial gains and losses that exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets over the average remaining working lives of the participating employees;

– to account for joint ventures using the proportionate consolidation method;

– to record grants relating to balance sheet assets and liabilities in deferred income (operating payables).

1-2-4-2 Accounting positions adopted by SNCF Group, pursuant to paragraphs 10 to 12 of IAS 8 (accounting policies, changes in accounting estimates and errors)

The accounting positions presented below are not (or only partially) covered by specific provisions of international accounting standards (or their interpretations) as adopted by the European Union. SNCF Group has established, to the best of its knowledge, accounting policies reflecting the substance of the transactions concerned.

– *Acquisition of minority interests:*
The current IFRS do not provide any specific guidance on the accounting treatment of acquisitions of minority interests. The Group decided to record differences between the acquisition price of minority interests and the share of the fair value of assets, liabilities and contingent liabilities acquired in equity, without remeasurement upon minority interest purchases.

Purchase costs are recorded in equity pursuant to paragraph 35 of IAS 32, which covers equity transaction costs.

– *Minority interests purchase commitments:*
IAS 27, Consolidated and separate financial statements, and IAS 32, Financial instruments: presentation, as they currently stand, lead the Group to record firm and conditional minority interest purchase commitments as a financial liability with an offsetting reduction in minority interests. Where the commitment value exceeds the amount of minority interests, the residual balance is deducted from equity. The fair value of minority interest purchase commitments is revalued at each balance sheet date and the corresponding financial liability is now offset in equity.

Conditional purchase commitments are not material as at 31 December 2009 and 2008.

– *Individual Training Entitlement* (Droit Individuel à la Formation): in the absence of precise IFRS guidance in the matter, the Group continues to maintain under IFRS the French GAAP treatment of the individual training entitlement (CNC emergency committee notice 2004-F of 13 October 2004). Expenditure incurred in respect of the Individual Training Entitlement is expensed for the period and no provision is recorded.

1-2-4-3 New tax regulations in France, applicable as at 1 January 2010

The 2010 Finance Act adopted in December 2009, introduced the Territorial Economic Contribution (*Contribution Économique Territoriale* or CET) to replace the local business tax (Taxe Professionnelle). The CET has two components: the *Cotisation Foncière des Entreprises* (CFE), assessed on the rental value of buildings; and the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), computed on the basis of the added value generated by the company. The CET (i.e. CFE + CVAE) is capped at 3% of the added value (3.5% under the former business tax).

As the CET is similar to the business tax (rental value, cap based on the added value), the Group believes that at this stage, the components form an indivisible whole and that the contribution should be subject to a single accounting treatment.

Consequently, the CET will be accounted for as an operating expense, as was the case with the previous business tax.

1-3 ACCOUNTING ESTIMATES

In preparing the Group accounts, management must make estimates, as numerous items included in the consolidated financial statements cannot be valued precisely. The accounting estimates used for the 31 December 2009 financial statements were prepared under the current context of uncertainty regarding economic outlooks. Management is required to revise its estimates in the event of a change in the circumstances on which they are based or as a result of new information or further experience.

As such, the estimates adopted as at 31 December 2009 may be materially modified and subsequent actual results may differ materially from these estimates based on different assumptions or conditions.

These estimates and assumptions notably concern:

— Determination of goodwill:
Business combinations are accounted for using fair value estimates of the assets and contingent liabilities acquired. The difference between the fair value and the purchase cost represents goodwill.

— Impairment of non-financial assets:
The Group performs impairment tests at least once a year on goodwill balances and intangible assets with an indefinite life. In addition, the Group assesses at each balance sheet date whether there is any indication that a non-financial asset may have lost value, necessitating the performance of a test.

These tests seek, in part, to determine a value in use or a market value less costs to sell. Value in use calculations are based on management estimates of expected future cash flows from the asset or cash-generating unit (CGU), the appropriate discount rate to be used to calculate the present value of these future cash flows and the growth rate adopted. Market value calculations are based on an assessment by management of the transaction price that could be obtained for the sale of the assets tested, taking into account the current condition of such assets.

The approach adopted for the Freight business is presented in Note 4.8.

Impairment test results are presented in Note 28.

— Provisions for contingencies and employee-benefit related items:
The cost of benefits is determined using actuarial valuations based on a number of assumptions: discount rate, rate of salary increase, mortality rate and inflation. Due to the long-term nature of these plans, uncertainties relating to these assumptions are substantial and may lead to significant changes in provisions based on the changes in assumptions.

— Income tax expense and deferred tax assets:
A deferred tax asset is recognised when it is probable that the Group will generate future taxable profits against which unused tax savings may be offset. The Group's ability to recover these tax assets is analysed based on its business plan, contingencies relating to the economy and the uncertainties surrounding markets in which the Group is active. Deferred tax assets are adjusted upward or downward should there be any material change in future Group tax results, the adjustment being offset in the income statement.

— Provisions for environmental risks:
The Group records a provision for environmental risks when there exists a legal or implicit obligation towards a third party that can be reliably measured and which would result in an outflow of resources.

Amounts recorded for site decontamination are based on the best possible estimate resulting from year-end assessments and take into account valuations for known risks currently being assessed.

Amounts recorded for the removal of asbestos from rolling stock correspond to the estimated costs at the end of the equipment life. These costs are determined based on the prices currently invoiced by scrap metal dealers and asbestos removers, which do not include the cost of removing the vehicle in question or the scrap sale price.

— Derivative instruments:
The Group uses assumptions to measure the fair value of its derivative instruments. The recognition and measurement principles are described in Note 4.16.

1-4 MODIFICATIONS TO FISCAL YEAR 2009 AND COMPARATIVE YEARS

1-4-1 IFRIC 13 customer loyalty programmes

The interpretation on customer loyalty programmes was treated retrospectively in accordance with IFRS. The amount of the obligation was calculated as at 1 January 2008, following the provisions of the interpretation as though they had always been applied, and recorded in opening equity for 2008. The 2008 changes were determined and recorded in the 2008 consolidated net profit so as to be comparable with the same line item in 2009.

The provision that had been recorded in the consolidated financial statements prior to the application of IFRIC 13 was cancelled.

As at 31 December 2009, the application of IFRIC 13 had a €5 million negative impact on revenue. This was offset by a decrease in the balance sheet operating payables for the same amount.

1-4-2 Evaluation of PEEC loans

Prior to 1 January 2009, the Group recorded inter-professional Transport Group loans associated with PEEC loans (low interest loans concerning the employer contribution to the Construction levy) at their nominal value. The Group now records these loans

in the same way as other loans *(See Note 9.4)*, based on the rules enacted by IAS 39.

The difference between the present value of these loans as at 1 January 2009 and their accounting value was deducted from opening equity in the amount of €47 million and allocated as an error correction.

1-4-3 Employee benefits

1-4-3-1 Compensation for work-related injuries

The commitment calculation now includes the reversion of compensation for work-related injuries. In principle, this compensation cannot be reverted unless the death of the retiree (or worker) can be attributed to a work-related accident or illness, in which case the widow draws a survivor's pension.

The total portion carried as an error correction for prior years is estimated at €97 million.

1-4-3-2 Unemployment insurance

In the past, a provision was recognised for the files registered. This year, it was possible to estimate the number of potential future beneficiaries by taking into account the training and professionalisation contracts. The provision is valued at €7 million at 31 December 2009 and was allocated as an error correction.

1-4-3-3 Retirement benefits

Retirement benefits for contractual personnel have been taken into account in the commitment calculation since 2009. The amount of the provision is valued at €12 million as at 31 December 2009 and was allocated as an error correction.

1-4-4 Summary of impacts on 2009 comparative balance sheet

in € millions	As published as at 31/12/2008	IFRIC 13 Customer loyalty programmes Note 1-4-1	Reclassification	Opening adjustment to PEEC loans discounting Note 1-4-2	Opening adjustment to employees benefits Note 1-4-3	31/12/2008 Proforma
Goodwill	633					633
Intangible assets	496					496
Property, plant and equipment	22,384					22,384
Non-current financial assets	8,125			-47		8,077
Investments in associates	410					410
Deferred tax assets	1,185					1,185
Non-current assets	**33,233**			**-47**		**33,185**
Inventories and work-in-progress	751					751
Operating receivables	5,234					5,234
Operating assets	**5,985**					**5,985**
Current financial assets	5,468					5,468
Cash and cash equivalents	3,280					3,280
Current assets	**14,733**					**14,733**
TOTAL ASSETS	**47,982**			**-47**		**47,935**
Share capital	4,971					4,971
Consolidated reserves	2,351	-49		-47	-116	2,140
Net profit attributable to equity holders of the parent	575	-5				571
Equity attributable to equity holders of the parent	**7,898**	**-54**		**-47**	**-116**	**7,681**
Minority interests	75					75
Total equity	**7,972**	**-54**	**–**	**-47**	**-116**	**7,756**
Non-current employee benefits	1,133				109	1,242
Non-current provisions	903				7	911
Non-current financial liabilities	14,632		14			14,646
Deferred tax liabilities	97					97
Non-current liabilities	**16,766**	**0**	**14**		**116**	**16,896**
Current employee benefits	81					81
Current provisions	151	-11				140
Operating payables	14,957	63	-19			15,002
Operating liabilities	**15,189**	**54**	**-19**			**15,223**
Current financial liabilities	8,017		5			8,022
Current liabilities	**23,207**	**54**	**-14**			**23,245**
Liabilities directly associated with assets classified as held for sale	38					38
TOTAL EQUITY AND LIABILITIES	**47,982**			**-47**		**47,935**

1-4-5 Summary of impacts on 2008 comparative income statement

in € millions	As published as at 31/12/2008	IFRIC 13 Customer loyalty programmes Note 1-4-1	Reclassification	Opening adjustment to PEEC loans discounting Note 1-4-2	Opening adjustment to employees benefits Note 1-4-3	31/12/2008 Proforma
Revenue	25,188	-5				25,184
Purchases and external charges	-11,843	-4				-11,847
Employee benefits expense	-9,841					-9,841
Taxes and duties other than income tax	-867					-867
Other operating income and expenses	-46					-46
Gross profit	**2,591**	**-9**				**2,583**
Depreciation and amortisation	-1,257					-1,257
(Charge to) reversal of provisions	-354	4				-350
Current operating profit	**980**	**-5**				**976**
Net proceeds from asset disposals	244					244
Impairment losses	-368					-368
Operating profit	**856**	**-5**				**851**
Net borrowing costs and other	-454					-454
Finance cost of employee benefits	-50					-50
Finance costs	**-504**					**-504**
Net profit before tax from ordinary activities	**352**	**-5**				**347**
Share of profit of associates	32					32
Income tax expense	250					250
Net profit from ordinary activities	**633**	**-5**				**628**
Net profit from discontinued operations	-40					-40
Net profit from ordinary activities	**593**	**-5**				**589**
Net profit for the year attributable to equity holders of the parent	**575**	**-5**				**571**
Net profit for the year attributable to minority interests	-18					-18

2 Major events of the year

2-1 A HIGHLY UNFAVOURABLE ECONOMIC CONTEXT

The consolidated financial statements were prepared in a difficult and extremely unfavourable economic context. The decline in global business, the fall in industrial production, transport sector bankruptcies, and the slowdown in household consumption impacted the results of the Group, and, more particularly, SNCF Geodis and SNCF Voyages.

2-2 IMPAIRMENT LOSS FOR RAIL FREIGHT

The year 2009 was again marked by a brutal fall in business (down 26% in volume compared to 2008, a trend comparable to that observed in other European Union countries), following fiscal year 2008 which itself was down 12% compared to 2007. As the problems encountered continued, particularly in the individual wagon segment, the Group unveiled a master development plan for new rail freight transport in September 2009, following an extensive analysis phase. This plan involves nine industrial projects (European heavy-load trains, transformation of the individual wagon, tailored service for current individual wagon customers, development of combined transport, rail motorways, local rail operators, high-speed freight, urban logistics, and multimodal land and sea platforms) and changes to the management of the activity, which now breaks down into 5 entities (coal-steel, automotive-chemicals, agriculture and quarry products, combined transport, multi-wagon/multi-customer). The Group drew the necessary conclusions from the change in the economic climate and the new organisation by recording a non-recurring impairment loss of €711 million in the 2009 financial statements, of which a €230 million provision for firm order commitments. The calculation methods and detailed impacts are presented in Note 28.2.

2-3 IMPAIRMENT LOSS FOR INFRASTRUCTURE - MAINTENANCE AND ENGINEERING

Due to the disappointing performance of the Infrastructure activity and the uncertainties weighing on the renewal of the management agreement with RFF, a €245 million impairment loss was recorded in net profit, resulting in the full impairment of the property, plant and equipment and intangible assets in the Infrastructure - Maintenance and Engineering cash-generating unit. The assumptions and the impacts of tests are described in Note 8.2.

2-4 GRADUAL CESSATION OF ACTIVITY AGREEMENT

A new gradual cessation of activity agreement came into effect in July 2008. A provision for this long-term commitment was set aside in 2009, the Group having obtained a more reliable estimate of the expected conduct of employees with respect to the use of this mechanism, based on the initial observations in 2009. A total of €325 million was therefore recorded in the employee benefits expense. Detailed information with respect to this agreement is provided in Note 17.1.

2-5 ACQUISITION OF IBM GLOBAL LOGISTICS (renamed Geodis Supply Chain Optimisation Geodis SCO)

The 58 businesses of IBM's logistics activity were effectively acquired in 2009. The activity will be a part of the global offering and has been renamed Geodis Supply Chain Optimisation (Geodis SCO). The impacts of the combination are described in Note 3.1.

2-6 ACQUISITION OF VEOLIA CARGO

At the end of November 2009, the SNCF Group acquired the international subsidiaries of Veolia Cargo based in Germany, the Netherlands and Italy for an enterprise value of €78 million. All the international rail freight subsidiaries are grouped under the one company: Captrain.

2-7 BATIGNOLLES DISPOSAL

In November and December 2009, sites in the Batignolles district of Paris were sold to the French State and the Mairie de Paris following the decision to relocate the Paris Law courts and Regional Police Headquarters. The capital gain for fiscal year 2009 amounted to €344 million.

3 Business combinations

3-1 ACQUISITION OF IBM GLOBAL LOGISTICS (renamed Geodis Supply Chain Optimisation Geodis SCO)

On 2 December 2008, Geodis announced the acquisition of IBM Global Logistics (renamed Geodis SCO), IBM's global logistics management platform. This acquisition involved the purchase of 58 businesses in various countries. The transaction amounted to $365 million and was paid in US dollars on 2 March 2009.

The fair value of the identifiable assets and liabilities of entities acquired at the date of acquisition and the corresponding carrying amount just prior to the acquisition are as follows, converted at the rate prevailing on the date of the transaction:

in € millions	Fair value recognised on the date of acquisition	Prior year carrying amount
Intangible assets	108	-
Property, plant and equipment		
Long-term investments		
Working capital requirements		
Total assets	**108**	**-**
Provisions		
Deferred tax liabilities	4	-
Net indebtedness		
Total liabilities	**4**	**-**
Net assets	**104**	**-**
Goodwill	191	
Cost of the business combination	**295**	
Of which:		
Purchase price	288	
Costs attributable to the acquisition	6	
Of which paid in cash	-295	
Cash and cash equivalent acquired with the subsidiaries	-	
Net cash and cash equivalents	**-295**	

The goodwill arising from the transaction corresponds to the value of future commercial developments.

Since 2 March 2009, and given the ongoing consolidation transactions, Geodis SCO contributed negatively to Group operating profit in the amount of €12.6 million. The acquisition contributed to a revenue increase for €531 million.

The recognition of the combination remains provisional. The period for allocating the purchase extends until 2 March 2010 based on IFRS 3 - *Business Combinations*.

3-2 OTHER ACQUISITIONS

Other acquisitions amount to €145 million and essentially concern the following:
- Giraud whose 2010 revenue is estimated at €125 million;
- Cooljet whose 2010 revenue is estimated at €125 million;
- Veolia Cargo whose 2010 revenue is estimated at €154 million.

4 Accounting policies

4-1 BASIS OF CONSOLIDATION

Controlled companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

Control is presumed to exist where the Group holds 50% or more of the voting rights in an entity (total of existing voting rights and potential voting rights which are immediately exercisable) or where the Group can:

– control over half the voting rights pursuant to an agreement with other investors;

– manage the financial and operating policy of the entity pursuant to a contract;

– appoint or dismiss the majority of the members of the board of directors or an equivalent management body;

– control the majority of the voting rights at meetings of the board of directors or an equivalent management body.

Companies over which the Group exercises joint control are proportionately consolidated, in accordance with the percentage interest held by the Group. Joint control is the sharing of control over an entity operated jointly by a limited number of partners or shareholders, such that financing and operating policies are determined by mutual agreement.

Entities in which the Group exercises significant influence over financial and operating policies, but which it does not control, are equity accounted. Significant influence is presumed to exist where the Group holds an interest of 20% or more.

The results of companies acquired or disposed of during the financial year are included in the consolidated income statement of the Group from the date control is acquired or up to the date of transfer of control, respectively.

The financial statements of fully and proportionately consolidated companies and equity associates are restated to comply with Group accounting policies. All material transactions between consolidated companies and internal profits and losses are eliminated on consolidation.

The financial statements of the companies included in the scope of consolidation are drawn up to 31 December 2009.

The list of subsidiaries is presented in Note 37.

Low-rental housing companies (E.S.H.)
The assessment of control exercised over low-rental housing companies (Entreprises Sociales pour l'Habitat or E.S.H.) is a complex issue, that must be approached with pragmatism taking into account the constraints resulting from the extremely strict regulatory framework governing low-rental housing and the focus set by SNCF for its housing policy. It would appear that consolidation is not appropriate as:

– while SNCF exercises influence over certain aspects of management of the E.S.H., it cannot be qualified as a controlling influence;

– the SNCF Group decision to own the four E.S.H. concerned is primarily based on institutional and general interest arguments and not on financial and asset ownership considerations, whether direct or indirect.

Shares in the E.S.H. companies are therefore retained in balance sheet assets and classified in available-for-sale financial assets. A specific disclosure is provided in Note 10.

4-2 BUSINESS COMBINATIONS

Pursuant to the purchase method, the identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognised at their fair value at the acquisition date, except for assets classified as held for sale, which are measured at fair value less costs to sell.

Only identifiable liabilities meeting the recognition criteria of a liability or contingent liability in the acquired company are recognised at the acquisition date for the purpose of allocating the cost of the business combination. Therefore, a restructuring liability of the acquired company is only recognised for the purpose of allocating the business combination cost if, at the date of the acquisition, the acquired entity has a current obligation to perform this restructuring.

The difference between the purchase cost and the Group's interest in net assets acquired, at fair value, is recognised as goodwill. The purchase costs include costs directly attributable to the acquisition.

Adjustments to the fair value of assets and liabilities acquired as part of a business combination initially recognised based on provisional values (due to ongoing external valuation procedures or outstanding additional analyses), are recognised as retrospective adjustments to goodwill if they arise in the 12 months following the acquisition date. After this period, any adjustments are recognised directly in profit or loss unless they represent corrections of an error.

Minority interests in the acquired company are measured at the minority's proportion of the net fair value of assets, liabilities and contingent liabilities recognised.

4-3 TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the period-end exchange rate method:

– balance sheet accounts are translated using exchange rates prevailing on the balance sheet date;

– income statement items are translated at the average annual rate of exchange;

– translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to Translation differences in consolidated equity.

Likewise, foreign exchange differences arising from the translation of receivables and payables that are part of the net investment in a foreign subsidiary are also recorded in Translation differences in consolidated equity. They are recorded in profit or loss upon removal of the net investment.

4-4 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Foreign currency-denominated transactions are translated by the subsidiary into its functional currency at the exchange rate prevailing at the transaction date.

Monetary items in the balance sheet are retranslated at the closing exchange rate at each balance sheet date, and the resulting translation differences are recorded in profit or loss or as a separate equity component if they relate to hedging transactions qualifying as net investment or cash flow hedges under IFRS.

4-5 GOODWILL

Goodwill represents the difference between the cost of a business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company at the date of acquisition of control.

Goodwill is recognised at cost, less any accumulated impairment losses. Corrections or adjustments may be made to the fair value of assets and liabilities acquired during the 12 months following the acquisition, resulting in a retrospective correction of goodwill.

Goodwill is not amortised but is subject to impairment tests when there is an indication of impairment and at least once a year.

Negative goodwill is recognised immediately in operating profit.

Capital gains or losses on the disposal of an investment take into account the net carrying amount of the related goodwill.

4-6 INTANGIBLE ASSETS

Intangible assets primarily comprise the customer base, leasehold rights, licences and software. They are recorded at historical cost or, where necessary, at fair value on the date of acquisition if such assets are acquired in connection with a business combination.

Where an intangible asset has a finite life, it is amortised on a straight-line basis over its period of use, of between 1 and 5 years.

Where an intangible asset has an indefinite life, it is not amortised but is subject to impairment tests at least once a year.

4-7 PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Group include assets made available by the French State, assets owned outright and assets purchased under finance lease agreements.

The French Orientation Law on Domestic Transport (LOTI) lays down the terms of possession of assets entrusted to the SNCF Group.

On the creation of the industrial and commercial public institution SNCF on 1 January 1983, the real estate assets previously given under concession to the semi-public limited liability company which it succeeded were appropriated to it.

These assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet to enable an economic assessment of Group performance.

Subject to legal provisions applicable to infrastructures deemed of general interest or public utility, SNCF exercises full management powers over all real estate assets entrusted to it or purchased by it.

Real estate assets held by the public institution, no longer used in the performance of its activities or which are part of its private domain, may be allocated to another purpose or sold by the public institution for profit.

4-7-1 Owned assets

Property, plant and equipment owned outright are recorded in consolidated assets at purchase cost. Internally produced assets are recorded at production cost. Property, plant and equipment acquired as part of a business combination are recorded at their fair value on entry into the consolidation scope.

Production cost comprises the cost of raw materials and labour used to manufacture the assets, including that of purchased spare parts. Interest costs have been capitalised since 1 January 2009 pursuant to IAS 23 revised. Property, plant and equipment are not subject to periodic revaluation.

Maintenance and repair expenses are recognised as follows:

— Rolling stock:
– current maintenance expenses borne during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;
– expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated as a separate overhaul component and depreciated;
– overhauls performed at the end of the useful life of a component, together with refurbishment and transformation costs, are capitalised in assets where they extend the useful life.

— Fixed installations:
– current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recorded as operating expenses;
– expenses under multi-year major building maintenance programmes are capitalised via the partial or total replacement of each component concerned.

As with the dismantling obligations, asbestos removal obligations for rolling stock are offset against an increase in the value of the equipment in balance sheet assets *(see Note 4.19.1)*.

Property, plant and equipment are depreciated over their estimated useful life mainly on a straight-line or declining balance basis over 4 years for IT equipment.

4-7-2 Depreciation periods

Property, plant and equipment are depreciated over the following periods:

Land development	**20 years**
Complex constructions (stations, administrative buildings, etc.)	
– Building shell	50 years
– Enclosure	25 years
– Light work	25 years
– Fixtures and fittings	15 years
– Technical work	15 years
Simple constructions (workshops, warehouses, etc.)	
– Building shell, light work, enclosure	30 years
– Fixtures and fittings	15 years
– Technical work	15 years
Plant and equipment	**5 to 20 years**
Cars	**5 years**
Rail transport equipment:	
– TGV:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
– Electric and diesel locomotives:	
Structure	30 years
Overhaul work	15 years
– Motorised carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	15 years
– Passenger carriages:	
Structure	30 years
Interior fittings	15 years
Overhaul work	10 à 15 years
– Freight cars	30 years ± 20%
– Ships	25 years
Other property, plant and equipment	**3 to 5 years**

4-8 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The Group assesses whether there is an indication that an asset has been significantly impaired at each balance sheet date. Where there is such an indication, an impairment test is performed.

Goodwill and indefinite-life intangible assets are subject to an impairment test each year and whenever there is an indication of loss in value.

When performing impairment tests, goodwill is allocated to the Cash-Generating Unit (CGU) or group of CGUs that are expected to benefit from the synergies of the combination and representing the lowest level at which the goodwill is monitored for internal management purposes, regardless of whether other assets and liabilities of the acquired entity are allocated to these CGUs or groups of CGUs.

Property, plant and equipment and intangible assets are subject to impairment when events or circumstances during the period (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.), indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset or goodwill balance with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use. The recoverable amount of an asset is determined individually, unless the asset does not generate cash flows independent of those of other assets or groups of asset. In such cases, which encompass the majority of tangible and intangible assets of SNCF and goodwill balances, the Group determines the recoverable amount of the group of assets (cash-generating unit - CGU) to which the asset tested belongs.

The value in use corresponds to the value of the future economic benefits expected from the asset's use or removal. It is assessed based on discounted future cash flows determined according to economic assumptions and projected operating conditions adopted by SNCF management:

– the cash flows are determined in business plans, drawn up for periods of 3 to 10 years and validated by the management bodies;

– beyond this timeframe, the flows are extrapolated by applying a perpetual growth rate that is close to the long-term inflation rate expected by the Group in France, subject to the expected useful life

of the assets tested or the indefinite life for goodwill and other indefinite-life intangible assets;

– flows are discounted at a rate appropriate to the activity sector.

Impairment losses recorded on goodwill cannot be reversed.

4-9 LONG-TERM ASSETS CLASSIFIED AS HELD FOR SALE

In accordance with IFRS 5, *Non-current assets held for sale and discontinued operations:*

– non-current assets of controlled entities held for sale are presented on a separate line of the balance sheet at the lower of their net carrying amount and fair value less costs to sell. Any liabilities relating to these assets or operations are also presented separately in liabilities;

– the impact on profit or loss of the period of all discontinued operations is presented on a separate line of the income statement, after ordinary activities.

4-10 FINANCE LEASE TRANSACTIONS

Leased assets are recorded as purchases financed by loan when the contract terms and conditions correspond to finance lease arrangements. Finance lease agreements are contracts whereby the lessor transfers to the lessee the right to use an asset for a given period in exchange for payment and the lessor transfers all benefits and risks inherent to ownership of the asset. The appraisal criteria applied to these agreements are based on the following:

– the agreement provides for the mandatory transfer of ownership at the end of the lease period;

– the agreement contains a purchase option and the conditions of this option are such that it is reasonably certain, at the inception of the lease, that ownership will be transferred;

– the lease term is for the major part of the estimated economic life of the leased asset;

– the present value of the minimum lease payment under the agreement is close to the fair value of the leased asset;

– the leased assets are of such a specific nature that only the lessee can use them without significant modification.

The assets concerned are recorded in assets at the lower of the discounted present value of the minimum lease payments and fair value and depreciated over the same period as equivalent assets owned outright or made available.

Lease agreements not having the characteristics of finance leases are recorded as operating leases and only the lease instalments are recorded in profit or loss.

Sale and lease-back transactions and equivalent

Sale and lease-back transactions
In the event of an asset sale coupled with a finance lease arrangement, the transaction is recorded in accordance with the above principles. Any capital gain realised on disposal is deferred and amortised over the lease term.

Other transactions
In addition, certain financial arrangements concern existing finance lease agreements. As the existing equipment financing structure is not altered and the proceeds of such transactions are definitively earned, they are recognised in finance costs on signature of the agreement *(see Note 32.1).*

4-11 FINANCIAL ASSETS

Financial assets include investments in companies that are neither controlled nor subject to significant influence, loans and financial receivables, guarantee deposits paid in respect of derivative instruments (cash collateral) and the fair value of derivative instruments.

"Standard" purchases are recorded at the settlement date.

Financial assets are presented in non-current assets, unless they mature in less than 12 months at the balance sheet date, in which case they are classified in current assets or cash equivalents as appropriate.

The fair value of listed financial instruments is determined by reference to the stock market price at the balance sheet date. The fair value of unlisted financial instruments for which there exists listed instruments of a similar nature and maturity, is determined by reference to the stock market price of such instruments. The fair value of other unlisted instruments is determined using valuation techniques such as the revalued net asset method, discounted cash flows or option valuation models. The models used take into account assumptions based on market data and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-11-1 Available-for-sale assets

Available-for-sale assets include Group investments in the share capital of unconsolidated companies that the Group does not hold for short-term profit and investments that do not qualify for inclusion in other asset categories.

Investments are measured at fair value unless this cannot be reliably determined, in which case they are retained in the balance sheet at purchase cost. Fair value is determined based on the financial criteria most appropriate to the specific situation of each company. The most commonly adopted criteria are the market value or the share in equity held and the profitability outlook if the market value cannot be obtained.

Investments are measured at fair value using the market data, yield curves and credit spreads of each securities issuer. The fair value falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

Fair value gains and losses on available-for-sale assets are recorded directly in equity and released to profit or loss on the sale of the asset. In the event of a significant or extended fall in the fair value below the net carrying amount, an impairment loss is recognised. This is recorded in an impairment loss account through profit or loss and cannot be reversed if it concerns shares.

4-11-2 Assets at fair value through profit or loss (trading assets)

Trading assets consist of assets that the Group intends to sell in the near term in order to realise a capital gain and assets recorded in this category by designation.

In particular, SNCF Group cash balances are globally managed pursuant to a general market risk management framework approved by the Board of Directors and combining investments in negotiable debt instruments and French money market mutual funds (UCITS). Management performance is measured, in the same way as UCITS, by reference to EONIA (Euro Overnight Index Average). As UCITS are measured at net asset value, which takes into account portfolio fair value and in order to achieve overall consistency, investments with an initial maturity of more than three months are recorded in this category by designation.

Assets are valued at fair value at the balance sheet date and fair value gains and losses are recorded in finance costs.

Investments are measured at fair value using market data. The fair value falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-11-3 Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value. In particular, investments in French mutual funds (SICAV) and monetary funds with marginal sensitivity are classified in this category and notably French mutual funds and monetary funds classified by the French Stock Market Authority (AMF) in the Euro monetary category or which have a sensitivity of less than 0.25 basis points.

Current bank facilities classified in current financial liabilities are included in cash and cash equivalents in the Statement of Cash Flows.

For UCITS, the fair value adopted is the net asset value. It falls under Level 1 of the fair value hierarchy set forth in paragraph 27A of IFRS 7. However, given their year-end residual term, other investments are recorded at their nominal value.

4-11-4 Loans and receivables issued

This heading includes the RFF receivable, the Public Debt Fund receivable, employee-profit sharing receivables, "construction assistance" loans and other loans and guarantee deposits (including cash collateral assets). These financial instruments are initially valued at fair value and then subsequently at amortised cost based on the effective interest rate (EIR).

These instruments are presented in non-current assets, except for assets maturing in less than 12 months at the balance sheet date, which are recorded in current assets.

In the event of an objective indication of impairment of financial assets, which is to say a long-term and material decline in an asset's value, an impairment loss is recognised through profit or loss. An objective indication arises from the Group's knowledge of the debtor's financial difficulties (payment default, liquidation, etc.).

4-11-4-1 Réseau Ferré de France receivable

In the law of 13 February 1997 that led to the creation of Réseau Ferré de France (RFF), Article 7 provides for the transfer of a €20.5 billion liability to Réseau Ferré de France in consideration of the transfer of infrastructure assets as at 1 January 1997.

This transfer resulted in the recognition of an RFF receivable in the SNCF Group's assets, with no change in liabilities.

The RFF receivable was constructed line by line so as to present a maturity, currency and interest rate structure identical in all respects to that of the Company's liability, which totalled €30.3 billion as at 31 December 1996, after swap contracts.

The 1996 year-end exchange rate was the initial rate used for the foreign currencies included in the receivable.

Deferred income and expenses corresponding to issue premiums and costs or swap contract income or expenses were also transferred, resulting in a cash payment. This payment was recognised in the SNCF Group financial statements as deferred income, which is released to the income statement according to the maturities of the corresponding transactions.

The RFF receivable is embodied in an agreement signed by the two companies.

The receivable is recorded at amortised cost and, where appropriate, is subject to fair value or cash flow hedge accounting.

In the case of a fair value hedge, the corresponding items are measured at fair value using market data. The fair value falls under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-11-4-2 Public debt fund receivable

In accordance with the corporate plan (contrat de plan) signed by the French State and SNCF in 1990, a Special Debt Account was set up on 1 January 1991 in order to isolate a portion of SNCF's debt.

On the preparation of SNCF's opening IFRS balance sheet as at 1 January 2006, the debt from the Special Debt Account was transferred to the SNCF balance sheet. At the same time, confirmation of the French State's commitment to contribute to the amortisation and servicing of the debt led to the recognition of a receivable in respect of expected payments from the French State.

The following transactions were performed in December 2007, in order to find a long-term and definitive solution to the future of these commitments and the financing of Special Debt Account debts:

1. On 31 December 2007, on the entry into effect of the 2007 amended Finance Act and in accordance with Article 82 of this Act, mirror contracts were set-up between SNCF and the Public Debt Fund:
— signature of a loan agreement between SNCF and the Public Debt Fund, exactly reflecting the amount of the Special Debt Account debt and its financial terms and conditions and also covering the related derivates;
— simultaneous signature of a mirror agreement, under which the Public Debt Fund provides an identical loan to SNCF under the same terms and conditions.

On completion of these transactions, SNCF held both a receivable and payable vis-à-vis the Public Debt Fund of the same amount and repayable pursuant to identical terms and conditions, which reflect commitments to third-parties ringfenced in the Special Debt Account.

2. Following implementation of these mirror contracts, the French State, as authorised by Article 82 of the 2007 amended Finance Act and pursuant to the Order of 28 December 2007, replaced SNCF with regard to the repayment of SNCF's debt to the Public Debt Fund.

3. Due to the transfer of this commitment to the French State and the change in related debtor, SNCF is now free of all obligations pursuant to the aforementioned contract with the Public Debt Fund.

In return, the financial commitments of the French State under the Special Debt Account as at 1 January 2006 were cleared.

The Special Debt Account was closed on completion of these transactions. As a result, SNCF:

— remains indebted towards holders of securities with the banking counterparties of forward financial instruments (foreign currency and interest rate swaps) it has contracted;

— holds a receivable on the Public Debt Fund exactly reflecting the amount of the Special Debt Account debt and its terms and conditions and also covering the related derivates.

The method of accounting for the receivable is unchanged in relation to the method that had been adopted for the recognition of a receivable in respect of expected payments from the French State in the opening IFRS balance sheet as at 1 January 2006, namely:

— the receivable is initially recorded, at the transfer date, at the fair value of debts transferred and subsequently at amortised cost;

– derivative instruments relating to the receivable are recorded at fair value, with gains and losses on remeasurement recognised in profit or loss.

4-12 INVENTORIES

Inventories are valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.

Cost price is calculated using the weighted average cost method.

Inventories are written-down based on the turnover, nature, age and useful life of items.

4-13 OPERATING RECEIVABLES

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material. Impairment is recognised when there is a potential risk of non-recovery. This impairment is determined based on an individual or statistical appraisal of non-recovery risk using historical data.

4-14 SHARE-BASED PAYMENTS

Certain sub-groups grant shares or share subscription options to employees.

Pursuant to IFRS 2, Share-Based Payment, share subscription and purchase option plans, share offers reserved for employees and the grant of free shares in subsidiaries to Group employees are valued at the grant date.

The Group uses the Black & Scholes model for valuation purposes.

The fair value of services received in return for the grant of these options is assessed based on the fair value of such options at the grant date and the number of options expected to be exercised at the end of the vesting period.

The total fair value so determined is recognised on a straight-line basis over the vesting period of the plan concerned.

This value is recorded in Employee benefits expense, via a charge recorded directly in equity for equity-settled plans and in employee-related liabilities for cash-settled plans.

4-15 FINANCIAL LIABILITIES

Financial liabilities include borrowings, other financing and bank overdrafts, guarantee deposits received in respect of derivative instruments (cash collateral liabilities) and the negative fair value of derivative instruments.

These instruments are included in non-current liabilities, except for liabilities maturing in less than 12 months at the balance sheet date, which are recorded in current liabilities.

Borrowings and other financial liabilities are initially measured at fair value plus transaction costs and subsequently at amortised cost determined using the effective interest rate.

Certain borrowings are subject to fair value or cash flow hedge accounting. In addition, certain borrowings with detachable embedded derivatives recorded using hedge accounting are recorded at fair value ("fair value" option). Fair value gains and losses are recorded in finance costs.

The option to record liabilities at fair value through profit or loss is used when the liabilities in question comprise an embedded derivative significantly modifying the cash flows which would otherwise result from the contract or where the Group is unable to value the embedded derivative separately. This option only concerns liabilities of the SNCF, an Industrial and Commercial Public Institution. The Group considers that exposure to credit risk does not give rise to any change in value.

The fair value of financial liabilities is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

4-16 DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivative instruments traded by the Group to manage currency, interest rate and commodity risks are recorded in the balance sheet at their fair value at the balance sheet date.

4-16-1 General case

Derivative instruments are initially measured at fair value and are remeasured to fair value at subsequent reporting dates.

Fair value is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date and fall under Level 2 of the fair value hierarchy set forth in paragraph 27A of IFRS 7.

Changes in the fair value of derivative financial instruments that are not associated with operations and not part of a designated hedging relationship as defined by IAS 39 are recorded in profit or loss in finance costs.

4-16-2 Cash flow hedges

The Group trades on the derivatives market to hedge floating-rate receivables and payables and receipts and payments relating to its commercial activities.

When IAS 39 criteria are met, the derivatives instruments are designated as hedges and fair value gains and losses are recorded directly in equity in a specific account, except for the ineffective portion of the hedge, which is recorded in profit or loss.
When the hedged flows impact profit or loss, the amounts deferred in other comprehensive income are released to profit or loss to match the flows of the hedged item.

4-16-3 Fair value hedge

The Group also uses derivative instruments to hedge the fair value of fixed-rate receivables and payables denominated in euro and foreign currencies.

When IAS 39 criteria are met, the derivative instruments are designated as hedges and:

– fair value gains and losses arising on the derivative are recorded in profit or loss for the period;

– the hedged item is remeasured to fair value at the balance sheet date, for the hedged portion of the risk, through profit or loss.

As such, fair value gains and losses on the derivative and the hedged item cancel out in profit or loss, except for the ineffective potion of the hedge.

4-17 INVESTMENT GRANTS

The Group receives investment grants in the form of third-party asset financing, primarily received from regional authorities.

Investment grants are recorded in operating payables and released to operating income (reduction in the depreciation charge) over the estimated useful life of the assets to which they relate.

4-18 DEFERRED TAX

The Group recognises, for each tax entity, deferred tax on all timing differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred tax is recorded using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the timing differences are expected to reverse.

Deferred tax assets in respect of timing differences and tax losses or credits carried forward are recognised when recovery is deemed probable. The Group's ability to recover these tax assets is assessed through an analysis of its business plan and the uncertainties presented by the economy and Group markets.

A deferred tax liability is recognised in respect of investments in subsidiaries, joint ventures and equity associates, on all timing differences between the book and tax values of shares, unless:

– the Group controls the date at which the timing difference will reverse (e.g. through a dividend distribution or the sale of an investment); and

– it is probable that this difference will not reverse in the foreseeable future.

Therefore, a deferred tax liability is only recognised in respect of wholly or proportionately consolidated companies in the amount of any withholding tax due on dividend distributions planned by the Group.

A deferred tax asset is only recognised to the extent that it is probable that:

– the temporary difference will reverse in the foreseeable future; and

– taxable profits will exist against which this temporary difference can be offset.

Deferred tax assets and liabilities are not discounted and are recorded in non-current items.

4-19 PROVISIONS

Provisions are recorded when, at the balance sheet date, the Group has a present obligation to a third party as a result of a past event and the settlement of this obligation will require an outflow of company resources.

This obligation may be legal, regulatory or contractual and may result from Group practice or external commitments that create valid expectations in third parties that the Group will assume certain responsibilities.

The estimated amount of the provision reflects the outflow of resources that is likely to be necessary to settle the Group's obligation. If a reliable estimate of this amount cannot be made, a provision is not recorded and disclosure is provided in the notes to the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or a probable obligation where it is not probable that an outflow of resources will be required. Except for contingent liabilities recognised as part of a business combination, contingent liabilities are not recorded. Disclosure is provided in the notes to the financial statements.

Provisions are discounted where the impact of discounting is material.

4-19-1 Provisions for environmental risks

The Group provides for environmental risks when the realisation of the risk is deemed probable. This provision covers the costs of environmental protection and site restoration and clean-up. It specifically includes a contingency provision for asbestos lawsuits filed against the Group.

SNCF Group has set up an environmental management team in response to the enactment in French law of Directive 2004/35 of 21 April 2004 regarding so-called "polluter-payer" environmental liability. One of the team's objectives is to shed light on the impacts with respect to the Group's activities, primarily in terms of storage and distribution installations for fuel, water disposal, waste, etc. The related assessments are recorded on their completion. The impacts are presented in Note 18.

The Group classifies its rolling stock asbestos removal obligations as provisions for dismantlement. Any increase in the provision is offset by an increase in the value of the equipment on the balance sheet for equipment not fully depreciated and in profit or loss for equipment at the end of its useful life. An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The cost of dismantlement is amortised over the asset's remaining useful life. Should there be a decrease in the estimated probable outflow of resources, the provision is reversed against the corresponding asset in the balance sheet and in profit or loss for the portion exceeding the net carrying amount of this asset. The provision is gradually extinguished in profit or loss as the asbestos removal is completed.

4-19-2 Provisions for disputes and litigation

The Group is involved in a certain number of disputes and litigation arising in the normal course of its activities and notably:

– performance bonds received from companies supplying construction work;

– guarantees granted to clients in the freight transportation sector covering incidents arising during transport.

Such disputes and litigation are provided based on an assessment of the related risk.

Up to and including 1999, SNCF self-insured the majority of risks associated with its activities. In 2000, SNCF took out a number of insurance policies providing coverage beyond an initial level covered by self-insurance.

4-19-3 Restructuring provisions

The cost of restructuring measures is provided in full in the year in when such measures are decided, in principle, and announced in sufficient detail prior to the period-end closing in order to create an expectation that they will be implemented. Restructuring costs primarily consist of employee departure costs and the cost of writing off non-current assets, inventory and other assets.

4-19-4 Provisions for onerous contracts

Provisions are recognised for long-term contracts when they become onerous, which is to say when the inevitable costs required to satisfy the contractual obligations exceed the future economic benefits expected from these contracts. Provisions are valued based on inevitable costs, which reflect the net contract exit cost, which is to say the lower of the contract performance cost or any other compensation or penalty arising from failure of performance.

4-20 EMPLOYEE BENEFITS

In accordance with the laws and practices in the countries in which it operates, the Group participates in pension, early retirement, retirement benefit and health insurance schemes for retirees.

In France, the main employee benefit schemes are the special regime for employees with SNCF qualifying status *(see Note 17 for detailed specifications)* and, for subsidiaries, retirement termination payments and long-service awards. Outside France, the main companies offering defined-benefit schemes are the United Kingdom, Italy, Germany and the Netherlands.

For the basic schemes and other defined-contribution schemes, the Group expenses contributions payable when they are due. No provisions are recognised as the Group does not have any obligation beyond the contributions paid.

In the case of defined-benefit schemes, when benefits are covered by third parties (insurance contracts, provident organisations unrelated to the Group) and the Group has no legal or implicit obligation to cover any losses relating to past services over the period or prior periods, no obligation is recognised and the insurance/provident premiums paid are recognised as payments to a defined contribution scheme, the obligation to provide benefits to employees being the sole responsibility of the third party organisation. In the other cases, the obligations are subject to actuarial valuations and provisions are recorded on the balance sheet upon vesting of benefit rights by employees.

The actuarial liability (or present value of the obligation with respect to defined benefits) enabling the recognition of obligations is determined according to the projected unit credit actuarial method, which stipulates that each period of service gives rise to an additional unit of benefit and measures each unit separately to determine the final obligation. These calculations include assumptions concerning the discount rate, mortality, employee turnover and expected future salary levels.

The so-called "corridor" method is applied to determine the provision to be recognised with respect to post-employment benefit schemes. Hence, the amount of actuarial gains and losses exceeding 10% of the greater of the present value of the defined benefits obligation and the fair value of plan assets is adopted for recognition. The portion recognised equals this amount divided by the expected average remaining working lives of participating employees.

The portion of the net charge corresponding to service costs is recorded in operating profit (including actuarial gains and losses and past service costs amortised) and the portion of the net charge corresponding to the interest expense is recorded in finance costs (net of the expected return on plan assets, if any).

Past service costs are expensed on a straight-line basis over the average remaining vesting period of rights, unless such rights are immediately vested, in which the case past service costs are immediately recorded in profit or loss.

For other long-term defined benefit schemes (long-service awards, unemployment, salary maintenance, gradual cessation of activity, etc.), actuarial gains and losses and any past service costs are immediately and fully recognised in profit or loss.

4-21 REVENUE RECOGNITION

4-21-1 Transport activities (passengers, freight)

Revenue is recognised based on the effective transportation of passengers and freight.

Revenue recognised in the systems on the issue of a passenger transport ticket is adjusted at the period-end for tickets issued but not used, which are recorded in Deferred income.

4-21-2 Contributions of the French State and organising authorities

These contributions comprise price subsidies covering socially motivated prices introduced by the French State and contributions remunerating global services within a contractual framework or specific services.

4-21-3 Engineering and contracting services performed by the Group

Sub-contracting and project management work performed by the Group over a number of periods is recognised based on contractual data and the economic stage of completion.

4-21-4 Maintenance

Maintenance income and income from the operation of the rail network is recognised in accordance with the multi-year contract negotiated with the network owner.

4-22 SEGMENT REPORTING

4-22-1 Determination of sectors presented

The SNCF Group's activity is structured according to four divisions supported by common support functions. These divisions sell separate products and services or cover different customer segments. This Group breakdown is used for management purposes and is a component of internal reporting:

– SNCF Infra division: delegated management of the infrastructure for RFF (network maintenance, projects and operation) and engineering (rail infrastructure research and design in France and globally);

– SNCF Proximités division: local transport activities of the Group encompassing medium- distance links (Corail Intercités), rail transport regulated services (TER, Transilien, etc.), city and intercity (Keolis) and complementary services (Effia);

– SNCF Voyages division: passenger rail transport, distribution and station management activities (TGV, Corail, Europe, etc.);

– SNCF Geodis division: a full range of transport and freight logistics activities. These activities are differentiated between a Global Offering (logistics, freight forwarding), rail freight fleet management and freight rail transport.

The common support functions (Common Operations and Investments) include the holding company activities of SNCF Participations and the service provider activities of SNCF Group (Traction, Equipment and Transversal services) and certain operating subsidiaries.

4-22-2 Segment indicators

The Group presents the following balance sheet and income statement indicators by business:

– Total segment assets comprising goodwill, intangible assets, property, plant and equipment and operating assets;

– Internal and external revenue with elimination of all inter-division transactions in an "inter-division" column for the presentation of the Group consolidated financial statements;

– Certain income statement analytical balances: gross profit, current operating profit and operating profit;

– Certain income statement line items: depreciation and amortisation, charge to / reversal of provisions, impairment losses;

– Free cash flow, which comprises:
- Cash from operations net of borrowing costs and taxes;
- Purchases of intangible assets and property, plant and equipment including leased assets;
- Disposals of intangible assets and property, plant and equipment;
- Investment grants received.

The accounting methods adopted by each operating division are identical to those used in the preparation of the consolidated financial statements. The information presented for each division includes transactions between divisions.

4-23 INCOME STATEMENT ANALYTICAL BALANCES

SNCF Group has elected to present its income statement by nature. Several analytical balances are identified in order to provide users of the financial statements with information on the component items making up Group net profit.

4-23-1 Gross profit

Gross profit is equal to revenue plus incidental income, net of expenses directly relating to operating activities and primarily purchases, subcontracting costs, other external services, employee costs, taxes and duties other than income tax, asset disposals related to the activity, and miscellaneous other items.

All charges to employee-related provisions and specifically, charges relating to employee commitments (excluding the finance cost), are included in Employee benefits expense.

4-23-2 Current operating profit

In addition to gross profit, current operating profit includes the majority of non-cash items (depreciation and amortisation, charges to provisions, etc.) and miscellaneous other items not directly attributable to another income statement account.

4-23-3 Operating profit

Transactions of an unusual nature, either due to their frequency or amount, are recorded separately below current operating profit. This presentation has been adopted in order to provide users with as reliable an overview as possible of the recurring performance of the Group.

The transactions concerned are limited in number and comprise:

– impairment losses;

– real estate disposals and asset disposals not directly related to the activity;

– disposals of subsidiaries not representing a discontinued operation as defined by IFRS 5.

4-23-4 Finance costs

Finance costs presented by the Group reflect the impact of financing transactions. Finance costs comprise two components:

– net borrowing costs, consisting of interest paid on Group borrowings, proceeds from the RFF receivable and the Public Debt Fund receivable and interest received on available cash balances. These items are presented after hedging transactions and include fair value gains and losses on derivative instruments not meeting IFRS hedge accounting criteria;

– the finance cost of employee benefits, representing the reverse discounting of the provision for long-term post-employment benefits, net of interest relating to the expected return on plan assets.

5 Goodwill

Movements in goodwill during 2009 break down as follows:

in € millions	Gross value	Impairment	Net value
As at 01/01/08	**532**	**-23**	**509**
Additions/increases	117	-	117
Removals/decreases	-1	1	0
Translation	4	0	4
Other charges in consolidation scope	2	0	2
As at 31/12/08	**654**	**-21**	**633**
As at 01/01/09	**654**	**-21**	**633**
Additions/increases	260	-	260
Removals/decreases	-9	-	-9
Translation	0	0	0
Other changes in consolidation scope	2	0	2
As at 31/12/09	**909**	**-21**	**888**

Acquisitions in 2009 concern business combinations described in Note 3.

The main goodwill balances recorded by the Group at the balance sheet date are as follows:

in € millions	31/12/2009	31/12/2008	Change
SNCF Infra	4	3	1
SNCF Proximités	0	0	0
SNCF Voyages	3	4	0
SNCF Geodis	875	623	252
of which Global Offering	*805*	*544*	*261*
of which Rail freight fleet management	*41*	*41*	*0*
of which Other rail companies	*29*	*38*	*-9*
Common Operations and Investments	3	3	0
Total	**886**	**633**	**253**

6 Intangible assets

Group intangible assets mainly comprise purchased software licences, software developed in-house, leasehold rights, customer portfolios and trade names purchased at the time of acquisitions.

Movements in intangible assets during 2009 break down as follows:

in € millions	01/01/2009	Acquisitions/ Charges	Disposals/ reversals	Change in consolidation scope	Other changes	31/12/2009
Gross carrying amount						
Concessions, patents, software	459	170	-11	3	15	636
Other intangible assets	180	14	-1	106	5	303
Intangible assets in progress	176	-32	-2	0	-4	139
Total gross carrying amount	**815**	**152**	**-14**	**109**	**16**	**1,078**
Amortisation/impairment						
Concessions, patents, software	-276	-125	18	-3	-1	-387
Other intangible assets	-42	-21	0	0	1	-61
Intangible assets in progress	-1	-16	3	0	-9	-24
Total amortisation/impairment	**-319**	**-162**	**21**	**-3**	**-9**	**-472**
Total net carrying amount	**496**	**-10**	**7**	**106**	**6**	**605**

The increase in other intangible assets essentially stems from the allocation of the cost of the IBM Global Logistics (SCO) combination *(see Note 3.1)*.

Acquisitions for 2009 include software developed in-house, either brought into service or under development, breaking down as follows:

– €77 million for the parent company;

– €8 million for Geodis.

The increase in amortisation and provisions primarily reflects the amortisation charge for the period. Changes in value due to foreign currency translation are of little significance.

6 Intangible assets

Movements in intangible assets during 2008 break down as follows:

in € millions	01/01/2008	Acquisitions/ Charges	Disposals/ reversals	Change in consolidation scope	Other changes	31/12/2008
Gross carrying amount						
Concessions, patents, software	377	102	-32	11	1	459
Other intangible assets	167	7	-1	7	-2	180
Intangible assets in progress	131	49	0	-2	-2	176
Total gross carrying amount	**676**	**158**	**-33**	**16**	**-3**	**815**
Amortisation/impairment						
Concessions, patents, software	-241	-68	32	-2	4	-276
Other intangible assets	-26	-14	0	0	-2	-42
Intangible assets in progress	0	0	0	-1	0	-1
Total amortisation/impairment	**-267**	**-83**	**32**	**-3**	**2**	**-319**
Total net carrying amount	**409**	**75**	**0**	**13**	**-1**	**496**

7 Property, plant and equipment

Movements in property, plant and equipment during 2009 break down as follows:

in € millions	01/01/2009	Additions/ Charges	Disposals/ reversals	Change in consolidation scope	Other changes	31/12/2009
Gross carrying amount						
Land	1,827	141	-56	2	-1	1,913
Buildings	8,195	349	-184	10	92	8,461
Industrial and technical plant	2,518	242	-43	19	4	2,740
Transportation equipment	27,088	2,061	-365	55	14	28,853
Rail equipment	*26,269*	*2,035*	*-306*	*54*	*7*	*28,059*
Non rail equipment	*345*	*26*	*-25*	*1*	*7*	*354*
Maritime equipment	*474*	*0*	*-34*	-	-	*440*
Other property, plant and equipment	943	128	-31	3	20	1,063
Property, plant and equipment in progress	2,991	204	-8	0	-143	3,044
Total gross carrying amount	**43,562**	**3,124**	**-687**	**89**	**-14**	**46,074**
Depreciation/impairment						
Land	-119	-37	2	0	0	-154
Buildings	-4,427	-312	169	-7	317	-4,260
Industrial and technical plant	-1,488	-231	87	-15	-188	-1,834
Transportation equipment	-14,424	-1,769	473	-38	-10	-15,768
Rail equipment	*-14,017*	*-1,722*	*420*	*-38*	*-6*	*-15,363*
Non rail equipment	*-214*	*-33*	*21*	*0*	*-4*	*-230*
Maritime equipment	*-192*	*-15*	*32*	*0*	*0*	*-175*
Other property, plant and equipment	-613	-118	41	-3	-45	-738
Property, plant and equipment in progress	-108	-120	41	2	-61	-245
Total depreciation/impairment	**-21,178**	**-2,587**	**813**	**-61**	**13**	**-23,000**
Total net carrying amount	**22,384**	**538**	**126**	**27**	**-1**	**23,074**

7 Property, plant and equipment

Movements in property, plant and equipment during 2008 break down as follows:

in € millions	01/01/2008	Additions/ Charges	Disposals/ reversals	Change in consolidation scope	Other changes	31/12/2008
Gross carrying amount						
Land	1,765	52	-38	0	48	1,827
Buildings	8,189	305	-465	4	161	8,195
Industrial and technical plant	2,491	280	-257	0	3	2,518
Transportation equipment	24,966	2,493	-505	39	95	27,088
Rail equipment	*24,308*	*2,310*	*-479*	*31*	*100*	*26,269*
Non rail equipment	*301*	*63*	*-22*	*8*	*-5*	*345*
Maritime equipment	*357*	*120*	*-4*	-	*0*	*474*
Other property, plant and equipment	1,078	130	-198	8	-75	943
Property, plant and equipment in progress	2,887	240	-11	0	-126	2,991
Total gross carrying amount	**41,377**	**3,500**	**-1,473**	**52**	**107**	**43,562**
Depreciation / Impairment						
Land	-100	-20	3	0	-1	-119
Buildings	-4,128	-668	447	-2	-77	-4,427
Industrial and technical plant	-1,603	-142	256	0	2	-1,488
Transportation equipment	-13,878	-1,255	706	-4	8	-14,424
Rail equipment	*-13,491*	*-1,213*	*685*	*0*	*2*	*-14,017*
Non rail equipment	*-203*	*-31*	*17*	*-4*	*7*	*-214*
Maritime equipment	*-184*	*-12*	*4*	-	*0*	*-192*
Other property, plant and equipment	-756	-98	194	-5	53	-613
Property, plant and equipment in progress	-117	-98	107	0	0	-108
Total depreciation / impairment	**-20,583**	**-2,282**	**1,714**	**-12**	**-15**	**-21,178**
Total net carrying amount	**20,794**	**1,217**	**241**	**40**	**92**	**22,384**

In 2008, other changes included the capitalisation of the component relating to rolling stock asbestos removal for €109 million *(see Note 18)*.

Assets made available by the French State, without transfer of title, are recorded in the SNCF Group balance sheet and amounted to €592 million (€600 million in 2008) for land and €841 million (€937 million in 2008) for buildings and upgrades.

A breakdown of depreciation charges and impairment losses recorded in the income statement is presented in Notes 27 and 28.

Capital expenditure flows for 2008 and 2009 break down as follows:

in € millions	31/12/2009	31/12/2008
Intangible assets	-152	-158
Property, plant and equipment	-3,124	-3,500
Total acquisitions	**-3,277**	**-3,658**
inc. Fixed assets held as finance-leasing	*0*	*-193*
Acquisitions excluding finance-leasing	**-3,276**	**-3,464**
Capital expenditure flows	-65	60
Tangible and intangible capital expenditure flows	**-3,342**	**-3,405**

Capital expenditure for 2009 primarily comprised:

– upgrades to stations and buildings (modernisation of the Paris Nord Joncherolles maintenance and equipment facility, the GSMR communication system, work relating to the modernisation of the Pays de Loire industrial and equipment facility, work for the Bellegarde station, work for the TER workshop in Rennes) for a total of €732 million;

– the acquisition and renovation of rolling stock (high-capacity motorised carriages, Double-decker and Dasye TGVs, new generation TER 2N, Francilien trains and Freight locomotives) for a total of €1,886 million.

Capital expenditure for 2008 primarily comprised:

– upgrades to stations and buildings (creation of a TGV workshop in Lyon, GSMR project, rail hotel residence, relocation of the Centre de Régulation Opérationnel de Paris Saint-Lazare, and work for the Vénissieux Equipment workshop) for a total of €768 million;

– acquisition and renovation of rolling stock (high-capacity motorised carriages (€592 million), new generation TER 2N (€302 million), Double-decker TGVs (€310 million), Dasye TGVs (€110 million), Freight locomotives (€175 million), and Transilien locomotives (€50 million), for a total of €2,243 million;

– Bonneuil platform for €48 million at Geodis;

– acquisition of cars and containers for €55 million.

Capitalised production included in acquisitions totalled €1,106 million (€986 million in 2008) and includes:

– fixed assets for €652 million (€556 million in 2008);

– rolling stock for €454 million (€430 million in 2008).

Asset-financing grants received totalled €1,269 million (€943 million in 2008), including €1,118 million (€772 million in 2008) for rolling stock and €151 million (€171 million in 2008) for fixed installations.

Assets recorded in property, plant and equipment and held under finance lease agreements break down as follows:

in € millions	Gross carrying amount	31/12/2009 Depreciation	Net carrying amount	Gross carrying amount	31/12/2008 Depreciation	Net carrying amount
Gross carrying amount						
Land	26	-	26	26	-	26
Buildings	478	-201	277	489	-190	299
Industrial and technical plant	34	-19	15	33	-16	16
Transportation equipment	5,697	-2,850	2,846	4,708	-2,012	2,697
Other property, plant and equipment	7	-7	1	8	-7	1
Property, plant and equipment in progress	5	-	5	-	-	-
Total	**6,247**	**-3,077**	**3,171**	**5,263**	**-2,225**	**3,039**

8 Impairment tests

Asset impairment tests are performed on CGUs representing legal entities or defined based on the destination of the assets used.

The assets tested include goodwill, indefinite-life intangible assets and assets with a finite useful life where there is indication that the CGU has suffered a loss in value. Pursuant to IAS 36, Impairment of Assets, CGUs with goodwill are tested at least once annually irrespective of whether there is any indication of impairment.

The impairments recorded in the financial statements as at 31 December 2009 had the following overall impact on net profit:

	SNCF Infra - Maintenance and Engineering	SNCF Geodis (1)	SNCF Proximités Transilien	SNCF Voyages Standard rolling stock
Impact on net profit as at 31/12/2009	245	711	33	9

(1) Non-recurring impairment losses.

8-1 CGU WITH SIGNIFICANT GOODWILL IN RELATION TO TOTAL GOODWILL

Of the total goodwill, €805 million (€544 million as at 31 December 2008) was allocated to the cash-generating unit of the "Global Offering", which comprises all activities included in the multimodal and mixed solutions of the SNCF Geodis division. No material indefinite-life intangible assets were allocated to this CGU, which is tested for impairment at least once annually. The following assumptions were used to determine the recoverable amount:

	31/12/2009	31/12/2008
Segment	SNCF Geodis	SNCF Geodis
CGU	Global offering	Global offering
Assets tested	1,749	1,457
Base used for the recoverable amount	Value in use	Value in use
Source	3-year plan	3-year plan
Discount rate (minimum - maximum)	7.3% - 8.3%	8.48%
Growth rate	2.00%	1.40%

Due to the economic situation, the value in use has significantly decreased, while remaining higher than the estimated carrying amount of the CGU economic asset as at 31 December 2009. No impairment was recognised, the recoverable amount of the tested asset amounting to €1,978 million as at 31 December 2009, compared to €2,023 million as at 31 December 2008. Sensitivity tests were conducted by varying the assumptions covering cash flows, discount rates (± 100 bp) and growth rates (± 40 bp). By way of illustration, a low range of growth rates combined with a high range of discount rates would result in a value in use that is lower than the value of the economic asset.

8-2 CGUs WITH INDICATION OF IMPAIRMENT

8-2-1 CGUs as at 31 December 2009

The CGUs of Corail (including Elipsos), Intercités, Transilien, TGV France Europe (excluding Eurostar) and Infrastructure were tested following indications of impairment identified during the year. The indications identified stem from negative forecasts for Corail and Intercités and results that did not meet the forecast for Infrastructure.

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2009:

Segment	SNCF Infra	SNCF Proximités	SNCF Proximités	SNCF Voyages	SNCF Voyages
CGU	Infrastructure Maintenance and Engineering	Transilien	Intercités	Standard rolling stock (Corail, Elipsos)	TGV France et Europe (excluding Eurostar)
PPE and intangible assets before impairment (at the year-end in millions of euros)	521	2,841	246	290	4,218
Base used for the recoverable amount	Value in use	Value in use	Value in use	Value in use	Value in use
Source	3-year plan	3-year plan	3-year plan	3-year plan	10-year plan
Discount rate (minimum - maximum)	6.3% - 7.4%	7.7% - 8.8%	7.1% - 8.1%	7.1% - 8.1%	8.3% - 9.6%
Growth rate	2%	2%	2%	2%	2%

No goodwill or indefinite-life intangible assets were allocated to these CGUs. The impairment losses determined following testing primarily concerned property, plant and equipment.

Impacts on the income statement arising from the recognition of impairment losses are described in Note 28.

8-2-1-1 Infra CGUs

No sensitivity tests were conducted for the Infra CGUs since these CGUs were fully impaired or impaired using a base with a non-material sensitivity.

8-2-1-2 Transilien CGU

For the Transilien CGU, a test was conducted on the asset as at 30 June 2009 based on a three-year financial projection, after payment of contractual investments. The test assumed a notional disposal value at the period-end equal to the net carrying amount. The resulting value in use is greater than that of the asset tested.

8-2-1-3 Intercités CGUs

No sensitivity tests were conducted for the Intercités and standard rolling stock CGUs since these CGUs were fully impaired or impaired using a base with a non-material sensitivity.

8-2-1-4 TGV France and Europe CGUs

For the TGV France / Europe CGU, excluding Eurostar, the analysis consisted in valuing the future cash flows generated by the fleet identified as at 31 December 2009. The assumptions adopted stem from current projections (10-year plan). The analysis concluded that no impairment was to be recognised, despite an amount that was €225 million lower than the net carrying amount tested with a discount rate of 9.6%, given the potential operational optimisations (extension of routes and optimisation of maintenance programmes) and the use of prudent assumptions used to formulate the test in terms of the WCR. In addition, the present value of cash flows discounted at a rate of 8.3%, corresponding to the lower range, exceeds the value of the economic asset.

8-2-1-5 Rail Freight CGUs

Following the activity's restructuring as mentioned in Note 2, Fret SNCF was divided into five CGUs. The methods used to determine the impairment loss are described in Note 28.

8-2-1-6 France Wagons CGU

France Wagons has non-leased rolling stock representing 35% of its total fleet as at 31 December 2009. Among the surplus fleet are cars that are obsolete or cars that cannot be relocated within a planned timeframe. These cars have been fully provided for. The impact on the income statement is a net charge provisioned of €16 million.

8-2-2 CGUs as at 31 December 2008

8-2-2-1 CGUs with indication of impairment

The values for property, plant and equipment and intangible assets tested and the assumptions used to determine the recoverable amount were as follows as at 31 December 2008:

Segment	SNCF Infra	SNCF Proximités	SNCF Voyages
CGU	Infrastructure Maintenance and Engineering	Intercités	Standard rolling stock (Corail, Elipsos)
PPE and intangible assets before impairment (at the year-end in millions of euros)	482	237	299
Base used for the recoverable amount	Value in use	Value in use	Value in use
Source	3-year plan	3-year plan	3-year plan
Discount rate (minimum - maximum)	7.4% - 8.2 %	7.8% - 9.2 %	7.8% - 9.2 %
Growth rate	2%	2%	2%

8-2-2-2 CGUs with indications of a value recovery

For 2008, an indication of a value recovery was identified for the France Wagons CGU. It comprised the increase in railcar leasing revenues and the gradual opening of the leasing market to new players resulting in an improvement in expected future cash inflows for the subsidiary. The assumptions used to determine the recoverable amount were as follows:

Segment	SNCF Geodis
CGU	France Wagons
Base used for the recoverable amount	Value in use
Source	3-year plan
Discount rate (minimum - maximum)	5.9% - 7.1%
Growth rate	2%

An impairment loss reversal of €61 million was recognised as at 30 June 2008 for the France Wagons cash-generating unit and specifically the unit's cars.

9 Financial assets

Financial assets maturing in less than 12 months at the balance sheet date are recorded in Current financial assets.

The fair value of asset derivative instruments is classified in current and non-current assets based on the final maturity of the derivative.

The fair value amounts on derivative instruments presented as at 31 December 2008 do not include accrued interest receivable, whereas the amounts as at 31 December 2009 include such interest.

Current and non-current financial assets as at 31 December 2009 and 2008 break down as follows:

in € millions		31/12/2009			31/12/2008		
	Note	Non current	Current	Total	Non current	Current	Total
Loans and receivables		5,873	2,069	**7,942**	6,939	3,873	**10,812**
RFF receivable	*9.1*	*1,856*	*88*	***1,944***	*1,905*	*488*	***2,393***
Public Debt Fund receivable	*9.2*	*3,677*	*1,313*	***4,990***	*4,731*	*1,413*	***6,144***
Other loans and receivables	*9.4*	*340*	*668*	***1,008***	*303*	*1,972*	***2,275***
Available-for-sale assets		659	433	**1,092**	770	338	**1,108**
Assets at fair value through profit or loss		71	831	**902**	-	1,027	**1,027**
Positive fair value for hedging derivatives	20	112	24	**136**	115	2	**117**
Positive fair value of trading derivatives	20	135	171	**306**	252	40	**292**
Accrued interest receivable on derivatives						189	**189**
Total		**6,850**	**3,529**	**10,379**	**8,077**	**5,468**	**13,545**

UCITS included in assets at fair value through profit or loss are valued at their net asset value at the balance sheet date.

Available-for-sale assets comprise non-consolidated investments in associates and short and medium-term investments.

The change in the heading for 2009 primarily stems from the change in short and medium-term bonds.

Other loans and receivables are analysed in Note 9.4.

9-1 RÉSEAU FERRÉ DE FRANCE RECEIVABLE

The principles governing the measurement and recognition of this receivable are presented in Note 4.11.4.1.
The receivable breaks down as follows:

in € millions	31/12/2009			31/12/2008		
	Non current	Current	Total	Non current	Current	Total
At amortised cost	1,343	53	**1,396**	1,384	448	**1,832**
Recognised using fair value hedge accounting	513	2	**515**	521	-	**521**
Accrued interest receivable		33	**33**		40	**40**
Total	**1,856**	**88**	**1,944**	**1,905**	**488**	**2,393**

9 Financial assets

Fair value of the RFF receivable:

in € millions	31/12/2009		31/12/2008	
	Fair value	Net carrying amount	Fair value	Net carrying amount
RFF receivable	2,338	1,944	2,749	2,393

The maturity schedule based on year-end exchange and interest rates is as follows:

in € millions	31/12/2009		31/12/2008	
	Nominal	Interest	Nominal	Interest
Less than 1 year	57	96	448	124
1 to 2 years	78	95	57	108
2 to 3 years	190	94	73	106
3 to 4 years	418	93	186	106
4 to 5 years	6	66	418	101
More than 5 years	1,145	507	1,142	585
Total	**1,893**	**951**	**2,324**	**1,129**

9-2 PUBLIC DEBT FUND RECEIVABLE

Excluding derivative instruments, this receivable totalled €4,990 million as at 31 December 2009 and €6,144 million as at 31 December 2008. The fair value and net carrying amount of this receivable is as follows:

in € millions	31/12/2009		31/12/2008	
	Fair value	Net carrying amount	Fair value	Net carrying amount
Receivable on CDP (Public Debt Fund)	5,552	4,990	6,646	6,144

The maturity schedule based on year-end exchange and interest rates is as follows:

in € millions	31/12/2009		31/12/2008	
	Nominal	Interest	Nominal	Interest
Less than 1 year	1,057	261	1,141	313
1 to 2 years	69	209	1,059	261
2 to 3 years	974	206	72	208
3 to 4 years	1,128	173	976	205
4 to 5 years	0	103	1,128	173
More than 5 years	1,506	838	1,495	940
Total	**4,734**	**1,790**	**5,872**	**2,101**

9-3 MEDIUM-TERM ASSETS

The maturity schedule based on year-end exchange and interest rates for medium-term assets classified as available for sale is as follows:

in € millions	31/12/2009		31/12/2008	
	Nominal	**Interest**	**Nominal**	**Interest**
Less than 1 year	416	23	221	20
1 to 2 years	123	16	376	22
2 to 3 years	90	10	173	14
3 to 4 years	113	7	-	7
4 to 5 years	13	1	113	7
More than 5 years			13	1
Total	**755**	**57**	**896**	**70**

9-4 OTHER LOANS AND RECEIVABLES

Other loans and receivables held by the Group break down as follows:

in € millions	31/12/2009			31/12/2008		
	Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Cash collateral assets	-	643	643	-	489	489
CPRP receivable			-	-	1,472	1,472
Other loans and receivables	340	26	366	303	11	315
Total	**340**	**668**	**1,008**	**303**	**1,972**	**2,275**

In 2008, SNCF acted on behalf of the Employee Pension and Provident Fund (CPRP) pursuant to a management mandate.

In 2009, the CPRP terminated the management mandate and reimbursed all of the SNCF advances.

10 Investments in E.S.H. low rental housing company

The E.S.H. low-rental housing companies in which the Group holds a majority interest are not consolidated due to the absence of effective control. *(see Note 4.1).*

The main consolidated balance sheet headings of these companies are as follows:

– Non-current assets: €2,573 million (€2,397 million in 2008);

– Non-current financial liabilities (debts): €1,634 million (€1,594 million in 2008).

11 Investments in associates

The Group holds several investments in associates, accounted for using the equity method. The net carrying amount of investments in these companies breaks down as follows:

in € millions		31/12/2009		31/12/2008
	% interest	Net profit	Investment in associates (incl. Net profit)	Investments in associates
Eurofima	22.60%	8	212	199
STVA Group subsidiaries		-1	33	36
Kuvera	45.38%	16	90	73
NTV	20.00%	-3	80	84
Other investments		-6	13	17
Total		**14**	**429**	**410**

in € millions	31/12/2009	31/12/2008
As at 1 January	**410**	**294**
Net profit	14	32
Change in consolidation scope and capital increase	6	81
Fair value and other	5	-10
Reclassification	-1	1
Distribution	-5	-5
Exchange differences	1	17
As at 31 December	**429**	**410**

The financial information summary presented below in respect of associates represents 100% of the headings concerned and not the percentage held:

in € millions	31/12/2009			
	Kuvera	Eurofima	NTV	**Total**
Current assets	963	850	113	**1,926**
Non-current assets	1,241	24,350	233	**25,824**
Current liabilities	1,276	325	12	**1,613**
Non-current liabilities	876	23,938	102	**24,916**
Net assets	**51**	**938**	**232**	**1,220**

in € millions	31/12/2008			
	Kuvera	Eurofima	NTV	**Total**
Current assets	799	3,036	202	**4,036**
Non-current assets	1,023	24,200	614	**25,837**
Current liabilities	1,066	2,604	87	**3,757**
Non-current liabilities	776	23,751	478	**25,005**
Net assets	**-20**	**879**	**251**	**1,111**

Eurofima acts as a finance company for rolling stock. Assets purchased under finance lease via the intermediary of Eurofima were capitalised in the SNCF Group financial statements for a gross value of €4,278 million as at 31 December 2009. The related financing liability is €3,229 million as at 31 December 2009, compared to €3,335 million as at 31 December 2008.

in € millions	31/12/2009			
	Kuvera	Eurofima	NTV	**Total**
Revenue	3,424	-	4	**3,428**
Operating profit	**67**	**-**	**-13**	**54**
Net profit for the year	**36**	**34**	**-15**	**55**

in € millions	31/12/2008			
	Kuvera	Eurofima	NTV	**Total**
Revenue	3,170	-	27	**3,197**
Operating profit	**124**	**31**	**11**	**165**
Net profit for the year	**64**	**31**	**-5**	**90**

12 Investments in joint ventures

The Group's share in the assets and liabilities of proportionately consolidated companies is as follows:

in € millions	31/12/2009				31/12/2008			
	Ermewa	Systra	Others	**Total**	Ermewa	Systra	Others	**Total**
Share of assets and liabilities of joint ventures								
Current assets	85	91	40	**215**	87	80	28	**195**
Non-current assets	336	15	1	**353**	318	15	1	**334**
Current liabilities	66	56	41	**164**	72	53	24	**149**
Non-current liabilities	323	4	0	**327**	311	3	1	**314**
Net assets	**32**	**46**	**0**	**77**	**23**	**38**	**4**	**65**

in € millions	31/12/2009				31/12/2008			
	Ermewa	Systra	Others	**Total**	Ermewa	Systra	Others	**Total**
Share of profit of joint venture								
Revenue	177	125	41	**343**	188	120	19	**328**
Operating profit	**31**	**10**	**5**	**46**	**33**	**7**	**5**	**44**
Net profit for the year	**11**	**9**	**4**	**23**	**4**	**5**	**4**	**13**

13 Inventories and work-in-progress

Inventories as at 31 December 2009 break down as follows:

in € millions	31/12/2009			31/12/2008	Change
	Gross	**Impairment**	**Net**	**Net**	
Raw materials	652	-70	582	668	-86
Finished products	189	-1	188	45	143
Production work-in-progress	37	-2	35	37	-2
Inventories and work-in-progress	**878**	**-72**	**806**	**751**	**55**

Movements in inventory impairment break down as follows:

in € millions	31/12/2008	Charges	Reversals	Reclassification	Change in scope	31/12/2009
Raw materials and supplies - impairment	-72	-13	16	1	-1	-70
Finished goods - impairment	0	0	-	-1	-	-1
Production work-in-progress - impairment	-1	-2	-	-	-	-2
Inventory impairment	**-72**	**-15**	**16**	**-**	**-1**	**-72**

14 Operating receivables

Operating receivables as at 31 December 2009 break down as follows:

in € millions	31/12/2009			31/12/2008	Change
	Gross	Impairment	Net	Net	
Trade receivables and related accounts	3,233	-181	3,051	2,497	554
Amounts receivable from the French State and local authorities	1,245	0	1,245	1,268	-23
Other operating receivables	1,801	-138	1,663	1,470	193
Net operating receivables	**6,278**	**-319**	**5,959**	**5,234**	**725**

Movements in impairments of trade receivables and other operating receivables were as follows in 2009 and 2008.

in € millions	31/12/2008	Charges	Reversals	Reclassification	Change in scope	Exchange and other	31/12/2009
Trade receivables and related accounts - impairment	-152	-80	59	-5	-3	-1	-181
Other operating receivables - impairment	-130	-84	75	2	0	0	-138
Total	**-282**	**-164**	**134**	**-3**	**-2**	**-1**	**-319**

in € millions	31/12/2007	Charges	Reversals	Reclassification	Change in scope	Exchange and other	31/12/2008
Trade receivables and related accounts - impairment	-250	-129	135	95	-5	1	-152
Other operating receivables - impairment	-143	-64	70	2	5	0	-130
Total	**-393**	**-193**	**206**	**97**	**0**	**1**	**-282**

Due to its business, Group exposure to credit risk is limited. Tickets are sold cash to passengers. In addition, the Group has significant relations with a number of public sector customers (RFF, regional authorities, RATP, STIF, armed forces, etc.). In the SNCF Geodis activity, dependence on customers is reduced by the number of the latter. In addition, in carrying out its transport and/or freight forwarding activities, the Group has the right to hold the merchandise it is confided, which reduces the risk of non-payment for services. Finally, based on an assessment of customer credit risk, payment terms and conditions before transport may be determined to limit the risk of non-payment.

While receivables due by these customers may be past due, there are no grounds for impairment. Receivables are impaired when the Group is in dispute with a customer or when the ability to recover the receivable in full is modified.

14 Operating receivables

Trade receivables past due break down as follows (gross value):

31/12/2009	Not past due	Impaired	Past due but not impaired				Total
in € millions			**<3 months**	**4 to 6 months**	**7 to 12 months**	**>12 months**	
Trade receivables and related accounts	2,639	191	215	64	103	21	3,233
Total	**2,639**	**191**	**215**	**64**	**103**	**21**	**3,233**

31/12/2008	Not past due	Impaired	Past due but not impaired				Total
in € millions			**<3 months**	**4 to 6 months**	**7 to 12 months**	**>12 months**	
Trade receivables and related accounts	2,183	183	177	63	26	17	2,649
Total	**2,183**	**183**	**177**	**63**	**26**	**17**	**2,649**

15 Cash and cash equivalents

in € millions	31/12/2009	31/12/2008	Change
Monetary mutual fund (SICAV) equivalent to cash	3,519	2,565	954
Cash at bank and in hand	582	715	-133
Cash and cash equivalents in the balance sheet	**4,101**	**3,280**	**822**
Accrued interest payable	1	3	-2
Current bank facilities	459	570	-111
Cash and cash equivalent in the statement of cash flows	**3,641**	**2,707**	**935**

The Group considers the nominal value of investments recorded in cash and cash equivalents to be a reasonable estimate of their market value.

Net cash from operating activities totalled €1,671 million in 2009 (€2,198 million in 2008) and was primarily generated by operations for €1,499 million (€2,043 million in 2008).

Net cash used in investing activities was negative at €921 million in 2009 (€3,733 million in 2008), and is primarily attributable to:

– capital expenditure on intangible assets and property, plant and equipment for €3,342 million (€3,405 million in 2008), down by 2% *(see Note 7)*;

– the acquisition of Veolia Cargo in 2009, compared to a cash outflow of €618 million in 2008 relating to the acquisition of minority interests in Geodis by SNCF Participations and €107 million for the acquisition of Rohde & Liensenfeld by Geodis and ITL by TLP;

– the positive change for €1,519 million in loans and receivables (-€966 million in 2008);

– investment grants received for €1,131 million in 2009, compared to €1,354 million in 2008.

Financing activities provided the Group with net cash resources of €198 million in 2009 (€1,525 million in 2008) and mainly comprised:

– new borrowings for €2,900 million (€1,891 million in 2008) of which €2,819 million for the parent company;

– repayment of the RFF receivable for €448 million compared to €1,242 million in 2008 and the CDP receivable for €1,169 million (€1,966 million in 2008);

– changes in cash borrowings for €186 million (-€690 million in 2008) and payment of dividends to the French State for €183 million (€131 million in 2008).

Movements in net debt financing flows stem from:

in € millions	Note	31/12/2009	31/12/2008	Change
Non-current financial liabilities	19	14,887	14,646	241
Non-current financial assets included in net debt	19	-6,549	-7,889	1,340
Current financial liabilities excluding cash and cash equivalents	19	6,004	7,449	-1,445
Current financial assets included in financing flows excluding cash and cash equivalents	19	-3,529	-5,468	1,939
Net debt included in financing flows		**10,813**	**8,738**	**2,075**
Change in loans and receivables				1,519
Change in cash assets				38
Issue of debt instruments				2,900
Repayment of borrowings				-2,463
Increase/(decrease) in cash borrowings				186
Net debt financing flows in the statement of cash flows	**SCF**			**2,180**
Difference				**-105**
This difference breaks down as follows:				
Change in fair value				-97
Change in accrued interest on net debt				-8
Change in provisions on financial assets				-1
Changes in scope				6
Currency translation effects and other				-6
Total				**-105**

16 Minority interests

As at 31 December 2009, minority interests break down according to the following sub-groups:

in € millions	31/12/2009	31/12/2008	Change
Geodis	11	11	0
STVA	35	35	0
Systra	13	11	2
Other	20	18	2
Total	**78**	**75**	**4**

17 Employee benefits

The following provisions were booked for employee benefits:

in € millions	31/12/2009	31/12/2008
Pension obligations	114	94
Provident obligations	45	44
Social welfare initiatives	378	402
Compensation for work-related injuries	753	742
Long service medals and other benefits	41	41
Gradual cessation of activity and time savings account	344	-
Total provision	**1,675**	**1,323**
- of which non-current	*1,594*	*1,242*
- of which current	*81*	*81*

17-1 DESCRIPTION OF EMPLOYEE BENEFITS

17-1-1 Compensation for work-related injuries

SNCF Group self-finances the payment of compensation for work-related injuries to active and retired employees of the parent company, independently of the current general regime.

Life annuities are provided in full at the date of grant to injured employees without any seniority conditions. They represent other long-term benefits.

17-1-2 Retired employee social welfare initiatives

The Group implements a number of social welfare initiatives for the personnel of the parent company: access to infrastructures, consultation of social workers, etc. Both active and retired employees may benefit from these initiatives.

A provision in the amount of this post-employment benefit has been recognised.

17-1-3 Gradual cessation of activity

The gradual cessation of activity is a procedure used to adjust the work time of employees who have reached the end of their careers. A work-time formula is thus arranged so as to provide a transition period between professional activity and retirement. A new agreement effective in July 2008 offers the possibility of a gradual or complete cessation for the parent company personnel.
The granting of benefits is based on a combination of criteria: years of service, arduousness and employee category. The agreement is treated as a long-term benefit in the consolidated financial statements pursuant to IAS 19.

The calculation is mainly based on the assumed proportion of agents to be covered by the procedure.

17-1-4 Main assumptions

Provisions for employee obligations are calculated on an actuarial basis, using the projected unit credit method. The parameters used in the modelling of the main employee benefits are as follows:

	31/12/2009	31/12/2008
Gross discount rate	4.50%	5.30%
Inflation rate	2.00%	2.00%
Mortality table: Senior Management Fund and social welfare initiatives	TGH 05	TGH 05
Mortality table: active and retired employees with work-related injuries	TD 88-90	TD 88-90
Mortality table: widows of employees with work-related injuries	TGF 05	TGF 05
Mortality table: gradual cessation of activity	TGF 05	
Gross rate of increase of provident benefits (Senior Management Fund)	3.00%	2.50%
Gross rate of increase of social welfare initiatives	0.00%	0.00%
Gross rate of increase of compensation for work-related injuries	2.00%	2.00%
Gross rate of increase of gradual cessation of activity	4.00%	

As was the case at 31 December 2008, obligations relating to the main post-employment benefits are discounted at the closing date's market rate based on leading corporate bonds of comparable maturity. The benchmark used to determine the discount rate is Bloomberg AA for France and the Euro zone.

17-2 PRESENT VALUE OF OBLIGATIONS AND PROVISIONS

For post-employment benefit obligations, the Group progressively records actuarial differences arising from experience impacts and changes in actuarial assumptions in accordance with the corridor method. Improvements to the different regimes are also recognised progressively in profit or loss. For long-service awards and other long-term benefits, actuarial gains and losses and improvements to the regimes are immediately recognised in profit or loss for the full amount.

17 Employee benefits

The year-end reconciliation between the present value of obligations and the provision recorded in the balance sheet breaks down as follows:

31/12/2009	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Present value of the obligation	**112**	**41**	**238**	**804**	**344**	**41**	**1,581**
Actuarial gains and losses not recognised	2	4	139	-51	-	-	95
Past service cost not recognised	-1	-	-	-	-	0	-1
Provision	**114**	**45**	**378**	**753**	**344**	**41**	**1,675**

31/12/2008	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Present value of the obligation	**95**	**36**	**227**	**752**	**0**	**41**	**1,151**
Actuarial gains and losses not recognised	0	9	175	-11	-	-	172
Past service cost not recognised	0	-	-	-	-	0	0
Provision	**94**	**44**	**402**	**742**	**0**	**41**	**1,323**

17-3 PROVISION MOVEMENTS DURING THE YEAR

Movements in provisions during the year break down as follows for each regime:

31/12/2009	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Opening balance	**94**	**44**	**402**	**742**	**-**	**41**	**1,323**
Current service cost	12	1	3	37	321	2	376
Interest expense	3	2	12	38	16	0	71
Benefits paid	-11	-2	-12	-65	-10	-2	-101
Actuarial gains and losses	2	-1	-11	0	17	0	6
Expected rate of return on plan assets	-2						-2
Plan amendments	1	-	-16	-	-	1	-14
Change in consolidation scope and currency translation	12	-	-	-	-	0	12
Closing balance	**114**	**45**	**378**	**753**	**344**	**41**	**1,675**

In 2009, the most significant change stemmed from the recognition of the agreement covering the gradual cessation of activity, which entered into force in July 2008.

31/12/2008	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Opening balance	**89**	**44**	**392**	**753**	**-**	**36**	**1,314**
Current service cost	9	1	7	25	-	8	49
Interest expense	4	2	17	30	-	0	53
Benefits paid	-11	-2	-14	-64	-	-4	-95
Actuarial gains and losses	0	-	-1	-1	-	0	-3
Expected rate of return on plan assets	-1						-1
Creation of the Fund	2	-	-	-	-	0	2
Change in consolidation scope and currency translation	2	-	-	-	-	1	3
Closing balance	**94**	**44**	**402**	**742**	**0**	**41**	**1,324**

17-4 NET EXPENSE RECORDED IN PROFIT OR LOSS

All movements in the provision for pension and similar obligations are recorded in gross profit under "Employee benefits expense", except for the interest expense, recorded in "Finance costs".

The income statement expense for defined benefit schemes may be broken down as follows:

31/12/2009	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Current service cost	14	1	3	37	321	2	378
Cost of benefits paid	11	2	12	65	10	2	101
Benefits paid	-11	-2	-12	-65	-10	-2	-101
Plan amendments	1	-	-16	-	-	1	-14
Gross profit	**15**	**1**	**-13**	**37**	**321**	**2**	**363**
Interest expense	5	1	1	38	33	0	77
Of which actuarial gains and losses	*2*	*-1*	*-11*	*0*	*17*	*0*	*7*
Finance cost	**5**	**1**	**1**	**38**	**33**	**0**	**77**
Net expense	**20**	**2**	**-12**	**75**	**354**	**2**	**441**

31/12/2008	Pension obligations	Provident obligations	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long service medals and other benefits	Total
Current service cost	9	1	7	25	-	8	49
Cost of benefits paid	11	2	14	64	-	4	95
Benefits paid	-11	-2	-14	-64	-	-4	-95
Plan amendments	3	-	-	-	0	0	3
Gross profit	**11**	**1**	**6**	**23**		**8**	**50**
Interest expense	3	2	17	29		0	50
Of which actuarial gains and losses	*0*	-	*-1*	*-1*		*0*	*-3*
Finance cost	**3**	**2**	**17**	**29**	**0**	**0**	**50**
Net expense	**14**	**3**	**23**	**52**	**0**	**8**	**100**

Circulation privileges

SNCF employees (active employees and their beneficiaries and retired employees) receive privileges which enable them to travel under certain circumstances at prices that differ from the market. SNCF Group considers that these travel privileges do not have a material impact on its production resources and that the marginal average cost of this programme is lower than the reservation fees paid by the beneficiaries.

18 Provisions

18-1 MOVEMENTS IN PROVISIONS

Movements in provisions for contingencies and losses during the year break down as follows:

in € millions	01/01/2009	Charges	Reversals (used)	Reversals (non used)	Others	31/12/2009	of which current	of which non current
Tax and customs risk	13	3	-2	-8	29	35	19	16
Environmental risks	362	30	-16	-4	0	372	24	348
Litigation and contractual disputes	464	152	-50	-65	4	506	55	450
Restructuring costs	12	53	-7	-3	2	57	50	6
Other	199	351	-39	-36	-29	446	92	354
Total provisions	**1,051**	**589**	**-113**	**-115**	**5**	**1,416**	**240**	**1,175**

18-2 OBSERVATIONS ON PROVISIONS

In the interests of prudence, SNCF records provisions in respect of contested revised tax assessments. With a view to the enactment in French Law of Directive 2004/35 of 21 April 2004, on environmental liability and introducing the so-called polluter-payer principle, SNCF launched a review in order to assess the impact of this Directive on its activities. The Directive was enacted in July 2008.

As at 31 December 2009, the following environmental risks are provided in the accounts:

– site decontamination: €104 million (€99 million in 2008);

– asbestos-related costs: €263 million (€257 million in 2008);

– Biotox: €5 million (€5 million in 2008).

Changes in the provisions are partially explained by the allocation of a €34 million restructuring provision as part of a reorganisation plan for one of the Group's transport activities.

The provision for litigation and contractual disputes encompasses risks relating to legal disputes and the settlement of contracts, as well as contractual disputes involving:

– RFF for €52 million (€62 million in 2008);

– RTE for €91 million (€100 million in 2008).

Other provisions include a contingency provision in respect of firm orders for Freight equipment for €255 million (€45 million in 2008).

19 Financial liabilities

This note provides a breakdown of Group financial liabilities by nature, maturity, currency and interest rate. Note 20 provides additional disclosures on derivative instruments subscribed by the Group. The hedging strategy is presented in Note 21.
Derivative instrument fair values and borrowings do not include accrued interest payable/receivable as at 31 December 2008, whereas the items included such interest as at 31 December 2009.

19-1 CURRENT/NON-CURRENT BREAKDOWN OF FINANCIAL LIABILITIES

Liabilities maturing in less than 12 months at the balance sheet date are recorded in current liabilities.
The fair value of liability derivative instruments is classified in current and non-current liabilities based on the final maturity of the derivative.

Financial liabilities break down as follows:

in € millions	Note	31/12/2009			31/12/2008		
		Non current	**Current**	**Total**	**Non current**	**Current**	**Total**
Bonds		9,381	2,457	11,838	8,127	3,454	11,580
Bank borrowings		1,352	297	1,649	1,951	717	2,668
Finance lease obligations		3,106	431	3,537	3,397	287	3,685
Sub-total borrowings		**13,839**	**3,185**	**17,024**	**13,475**	**4,458**	**17,933**
Of which							
- measured at amortised cost		*9,775*	*2,813*	*12,589*	*10,657*	*3,705*	*14,361*
- recognised using fair value hedge accounting		*3,560*	*292*	*3,851*	*2,211*	*754*	*2,965*
- designated at fair value		*504*	*80*	*584*	*607*	-	*607*
Accrued interest payable on borrowings				-		250	250
Negative fair value of hedging derivatives	20	405	55	460	393	79	471
Negative fair value of trading derivatives	20	291	210	501	427	156	583
Accrued interest payable on derivatives						211	211
Loans and borrowings		**14,535**	**3,449**	**17,985**	**14,295**	**5,155**	**19,449**
Cash borrowings and overdrafts		352	3,014	3,366	352	2,868	3,219
Financial liabilities presented in the balance sheet		**14,887**	**6,464**	**21,351**	**14,646**	**8,023**	**22,669**
Réseau Ferré de France receivable	9.1	1,856	88	1,944	1,905	488	2,393
Public Debt Fund receivable	9.2	3,677	1,313	4,990	4,731	1,413	6,144
Available-for-sale assets [1]		358	433	791	582	338	920
Assets at fair value through profit or loss		71	831	902	-	1,027	1,027
Positive fair value of hedging derivatives	20	112	24	136	115	2	117
Positive fair value of trading derivatives	20	135	171	306	252	40	292
Accrued interest receivable on derivatives				-		189	189
Other loans, receivables and investments	9.4	340	668	1,008	303	1,972	2,275
Cash and cash equivalents	15		4,101	4,101		3,280	3,280
Net indebtedness of the group		**8,338**	**-1,167**	**7,172**	**6,757**	**-725**	**6,032**

(1) "Available-for-sale assets" do not include investments.

The net indebtedness of unconsolidated E.S.H. low-rental housing companies as at 31 December 2009 amounted to €1.6 billion (€1.5 billion as at 31 December 2008).

19-2 LOANS AND BORROWING MATURITY SCHEDULE

Financial liabilities mature as follows:

in € millions	31/12/2009	31/12/2008
Less than 1 year	3,097	4,416
1 to 5 years	4,786	6,403
More than 5 years	8,868	6,766
Changes in fair value (designated at fair value)	59	63
Changes in fair value (hedge accounting)	214	285
Total	**17,024**	**17,933**
Accrued interest payable		250
Fair value of non-current derivatives	696	820
Fair value of current derivatives	265	235
Accrued interest payable on derivatives		211
Total loans and borrowings	**17,985**	**19,449**

The maturity schedule for SNCF borrowings, based on year-end exchange and interest rates, is as follows:

in € millions	31/12/2009		31/12/2008	
	Nominal	**Interest**	**Nominal**	**Interest**
Borrowings				
Less than 1 year	2,922	582	4,404	790
1 to 2 years	1,017	490	2,082	595
2 to 3 years	1,722	475	993	513
3 to 4 years	1,485	435	1,797	458
4 to 5 years	557	361	1,565	383
More than 5 years	8,883	2,961	6,846	2,400
Total	**16,586**	**5,304**	**17,687**	**5,138**

19-3 BREAKDOWN OF LOANS AND BORROWINGS BY FOREIGN CURRENCY

The breakdown by foreign currency of loans and borrowings, before and after adjustment for derivatives, is as follows:

in € millions	Initial debt structure		Structure after currency hedging	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Euro	11,770	12,474	16,436	17,376
Swiss Franc	1,399	835	281	274
U.S. Dollar	1,426	2,132	68	61
Canadian dollar	97	187	-	-
Pound sterling	1,643	1,799	238	222
Yen	520	412	0	0
Other	169	93	0	0
Total borrowings	**17,024**	**17,933**	**17,024**	**17,933**

The pound sterling denominated debt is fully hedged by pound sterling assets, while Swiss franc denominated debt is partially hedged by Swiss franc assets.

19-4 BREAKDOWN OF LOANS AND BORROWINGS BY INTEREST RATE

The breakdown by interest rate of loans and borrowings, before and after adjustment for derivatives, is as follows:

in € millions	Initial debt structure		Structure after currency hedging	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Fixed rate	11,203	10,964	9,101	9,913
Floating rate	5,821	6,969	7,923	8,020
Total borrowings	**17,024**	**17,933**	**17,024**	**17,933**

The breakdown of borrowings by interest rate takes into account the impact of both hedging derivatives and trading derivatives.

19-5 FAIR VALUE OF FINANCIAL LIABILITIES

The net carrying amount and nominal value of liabilities designated at fair value is as follows:

in € millions	31/12/2009		31/12/2008	
	Fair value	Nominal value	Fair value	Nominal value
Borrowings at fair value	584	525	607	545

The fair value of borrowings is as follows:

in € millions	31/12/2009		31/12/2008	
	Fair value	Net carrying amount	Fair value	Net carrying amount
Borrowings	18,081	17,024	18,612	17,933
Cash liabilities	3,366	3,366	3,219	3,219
Total borrowings	**21,447**	**20,390**	**21,831**	**21,153**

20 Derivative financial instruments

The derivative instrument fair values do not include accrued interest payable/receivable as at 31 December 2008, whereas the items included such interest as at 31 December 2009.

Current and non-current asset and liability derivative instruments break down as follows:

in € millions	31/12/2009			31/12/2008		
	Non current	Current	Total	Non current	Current	Total
Asset derivative instruments						
Cash flow hedging derivatives	0	0	**0**	0	0	**0**
Fair value hedging derivatives	112	24	**136**	115	2	**117**
Trading derivatives	135	171	**306**	252	40	**292**
Total asset derivative instruments	**247**	**196**	**443**	**368**	**42**	**410**
Liability derivative instruments						
Cash flow hedging derivatives	112	35	**148**	107	25	**131**
Fair value hedging derivatives	293	19	**312**	286	54	**340**
Trading derivatives	291	210	**501**	427	156	**583**
Total liability derivative instruments	**696**	**265**	**961**	**820**	**235**	**1,054**

20 Derivative financial instruments

20-1 FOREIGN CURRENCY DERIVATIVES

The SNCF Group operates regularly on the foreign currency derivatives market, primarily in order to hedge borrowings issued. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

in € millions	Balance sheet fair value as at 31/12/2009				Balance sheet fair value as at 31/12/2008			
	Cash-flow hedge	Fair value hedge	Trading	Total	Cash-flow hedge	Fair value hedge	Trading	Total
Currency swaps (with principal)	-	-	55	**55**	-	-	0	**0**
Currency swaps	-	17	228	**246**	-	18	229	**248**
Forward foreign currency purchases	0	-	0	**0**	-	-	0	**0**
Forward foreign currency sales	-	-	-	-	0	-	4	**4**
Foreign currency options	-	-	-	-	-	-	2	**2**
Asset derivative instruments	**0**	**17**	**283**	**301**	**0**	**18**	**235**	**253**
Currency swaps (with principal)	-	-	-	-	-	-	23	**23**
Currency swaps	25	272	302	**598**	27	302	290	**620**
Forward foreign currency purchases	-	-	-	-	25	-	-	**25**
Forward foreign currency sales	-	-	-	-	-	-	-	-
Foreign currency options	-	-	-	-	-	-	-	-
Liability derivative instruments	**25**	**272**	**302**	**598**	**52**	**302**	**313**	**667**
Net foreign currency position	**-25**	**-255**	**-18**	**-297**	**-52**	**-283**	**-78**	**-414**

As at 31 December 2009 and 2008, the nominal commitments and maturities of the different instruments subscribed are as follows:

Currency swaps with an underlying liability:

in millions	Nominal commitments received 31/12/2009											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss Franc	-	-	-	-	600	404	-	-	-	-	1,125	758
U.S. Dollar	1,120	777	200	139	220	153	-	-	-	-	100	69
Canadian dollar	-	-	-	-	-	-	-	-	-	-	150	99
Pound sterling	150	169	31	34	21	23	-	-	-	-	600	676
Yen	-	-	10,000	75	-	-	-	-	-	-	56,500	424
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	72	6	-	-	-	-	200	18	832	74	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total		**953**		**248**		**580**		**18**		**74**		**2,087**

in millions	Nominal commitments received 31/12/2008											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss Franc	-	-	-	-	0	0	600	404	-	-	300	202
U.S. Dollar	1,000	719	1,120	805	100	72	220	158	-	-	100	72
Canadian dollar	150	88	-	-	-	-	-	-	-	-	150	88
Pound sterling	125	131	150	157	31	32	21	22	-	-	600	630
Yen	-	-	0	0	10,000	79	-	-	-	-	41,500	329
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	0	0	72	7	-	-	0	0	200	19	-	-
Euro	-	-	-	-	-	-	-	-	-	-	60	60
Total		**938**		**969**		**183**		**584**		**19**		**1,381**

in millions	Nominal commitments given 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	1,160	295	613	22	73	2,372
Total	**1,160**	**295**	**613**	**22**	**73**	**2,372**

in millions	Nominal commitments given 31/12/2008					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	1,074	1,160	218	613	22	1,715
Total	**1,074**	**1,160**	**218**	**613**	**22**	**1,715**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	31/12/2009		31/12/2008	
	Interest flows received	Interest flows paid	Interest flows received	Interest flows paid
Less than 1 year	134	-58	173	-179
1 to 2 years	102	-49	121	-120
2 to 3 years	94	-44	84	-87
3 to 4 years	82	-40	74	-73
4 to 5 years	81	-40	62	-63
More than 5 years	705	-273	602	-550
Total	**1,197**	**-504**	**1,117**	**-1,072**

20 Derivative financial instruments

Currency swaps with an underlying asset:

in millions	Nominal commitments given 31/12/2009											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss Franc	-	-	-	-	600	404	-	-	-	-	-	-
U.S. Dollar	550	382	100	69	100	69	-	-	-	-	-	-
Canadian dollar	-	-	-	-	-	-	-	-	-	-	150	99
Pound sterling	150	169	-	-	-	-	-	-	-	-	-	-
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	72	6	-	-	-	-	200	18	-	-	-	-
Total		**557**		**69**		**474**		**18**		**0**		**99**

in millions	Nominal commitments given 31/12/2008											
	Less than 1 year		1 to 2 years		2 to 3 years		3 to 4 years		4 to 5 years		More than 5 years	
	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate	Foreign currency	euro equivalent at the year-end exchange rate
Swiss Franc	-	-	-	-	-	-	600	404	-	-	-	-
U.S. Dollar	-	-	550	395	100	72	100	72	-	-	-	-
Canadian dollar	150	88	-	-	-	-	-	-	-	-	150	88
Pound sterling	50	52	150	157	-	-	-	-	-	-	-	-
New Zealand dollar	-	-	-	-	-	-	-	-	-	-	-	-
Hong Kong dollar	-	-	72	7	-	-	-	-	200	19	-	-
Total		**141**		**559**		**72**		**476**		**19**		**88**

in millions	Nominal commitments received 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	687	83	472	22	-	92
Total	**687**	**83**	**472**	**22**	**0**	**92**

in millions	Nominal commitments received 31/12/2008					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Euro	169	687	83	472	22	92
Total	**169**	**687**	**83**	**472**	**22**	**92**

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	31/12/2009		31/12/2008	
	Interest flows received	**Interest flows paid**	**Interest flows received**	**Interest flows paid**
Less than 1 year	11	-40	51	-46
1 to 2 years	6	-17	37	-40
2 to 3 years	3	-14	19	-17
3 to 4 years	1	-5	10	-14
4 to 5 years	1	-5	3	-5
More than 5 years	0	-5	3	-8
Total	**21**	**-86**	**123**	**-130**

20-2 INTEREST RATE DERIVATIVES

The Group operates in the interest rate swap and swaption market in order to manage its exposure to interest rate risk on borrowings. The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

in € millions	Balance sheet fair value as at 31/12/2009				Balance sheet fair value as at 31/12/2008			
	Cash-flow hedge	**Fair value hedge**	**Trading**	**Total**	**Cash-flow hedge**	**Fair value hedge**	**Trading**	**Total**
Fixed rate receiver swap	-	119	13	**132**	-	99	14	**112**
Fixed rate payer swap	-	-	-1	**-1**	-	0	18	**18**
Index-based swap	-	-	11	**11**	-	-	25	**25**
Swaptions	0	-	-	**0**	0	-	-	**0**
Asset derivative instruments	**0**	**119**	**23**	**142**	**0**	**99**	**57**	**156**
Fixed rate receiver swaps	117	-17	-7	**94**	-	-	16	**16**
Fixed rate payer swaps	5	56	181	**242**	77	37	169	**282**
Index-based swaps	-	1	21	**22**	-	-	22	**22**
Swaptions	2	-	4	**6**	2	2	1	**5**
Liability derivative instruments	**123**	**40**	**200**	**363**	**79**	**38**	**209**	**326**
Net interest rate position	**-123**	**79**	**-177**	**-221**	**-79**	**60**	**-152**	**-170**

20 Derivative financial instruments

As at 31 December 2009 and 2008, the nominal value and maturities of the different instruments subscribed were as follows:

in € millions	31/12/2009		31/12/2008	
	Net long-term debt	Net short-term debt	Net long-term debt	Net short-term debt
Fixed rate receiver swaps	2,508	1,962	2,033	1,842
Fixed rate payer swaps	5,915	611	6,290	1,054
Index-based swaps	1,190	152	1,764	152
Swaptions	82	4	66	3

Future interest flows, based on year-end exchange rates and future interest rates implicit in the interest rate curve at the balance sheet date for floating rates, are as follows:

in € millions	Net interest flows 31/12/2009					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed rate receiver swaps	83	75	76	73	73	681
Fixed rate payer swaps	-197	-141	-112	-82	-78	-698
Index-based swaps	0	0	0	0	0	2
Swaptions	-2	-1	0	0	0	0
Total	**-116**	**-66**	**-36**	**-9**	**-5**	**-14**

in € millions	Net interest flows 31/12/2008					
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Fixed rate receiver swaps	23	24	21	22	20	235
Fixed rate payer swaps	-56	-99	-56	-44	-28	-262
Index-based swaps	3	2	2	2	2	27
Swaptions	1	1	1	-	-	-
Total	**-29**	**-72**	**-33**	**-20**	**-6**	**-1**

20-3 COMMODITY DERIVATIVES

As part of its normal activities, the parent company operates in the petroleum product hedge market in order to optimise fuel supply costs. It also performs forward purchases of electricity.

The fair value of these instruments in the balance sheet breaks down as follows by instrument and transaction type:

in € millions	Balance sheet fair value as at 31/12/2009				Balance sheet fair value as at 31/12/2008			
	Cash-flow hedge	**Fair value hedge**	**Trading**	**Total**	**Cash-flow hedge**	**Fair value hedge**	**Trading**	**Total**
Petroleum product swaps	-	-	-	-	-	-	-	-
Sales of petroleum product swaptions	-	-	-	-	-	-	-	-
Forward purchases of electricity	-	-	-	-	-	-	-	-
Asset commodity derivative instruments	-	-	-	-	-	-	-	-
Petroleum product swaps	-	-	-	-	-	-	61	61
Sales of petroleum product swaptions	-	-	-	-	-	-	-	-
Forward purchases of electricity	-	-	-	-	-	-	-	-
Liability commodity derivative instruments	-	-	-	-	-	-	**61**	**61**
Net commodity position	-	-	-	-	-	-	**-61**	**-61**

All positions were cleared as at 31 December 2009.

21 Managing market risks and hedging

The management of market risks is governed by a general framework, approved by the SNCF Group Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments. This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative products.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it details the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

21-1 MANAGEMENT STRATEGY

21-1-1 Interest rate risk management

The cost of long-term net indebtedness is optimised, with regard to interest rates, by managing the mix of fixed and floating rate borrowings. The Group uses firm and optional interest rate swap instruments within the limits defined, for SNCF, by the aforementioned general framework.

From an economic standpoint, fixed-rate borrowings represented 72% of total borrowings as at 31 December 2009 compared to 60% as at 31 December 2008. On the same basis, the cost of long-term net indebtedness was 3.30% for fiscal year 2009, compared to 4.30% for 2008.

Sensitivity analysis:
Fixed-rate financial instruments recorded at amortised cost are not exposed to interest rate risk as defined by IFRS 7.

Floating-rate financial instruments not designated as hedged items in a cash flow hedging relationship are affected by fluctuations in market interest rates. As such, they are included in the analysis of the sensitivity of the income statement.

In fair value hedges, changes in the fair value of hedging instruments and hedged items attributable to fluctuations in market interest rates, largely offset each other in the income statement of the period. As such, these instruments are not exposed to interest rate risk.

Fluctuations in market interest rates impact the fair value of derivative financial instruments designated as hedging instruments in a cash flow hedging relationship. Such fluctuations are taken into account when assessing the sensitivity of equity.

Fluctuations in market interest rates impact the fair value of non-derivative financial instruments designated at fair value. Such fluctuations are taken into account when assessing the sensitivity of the income statement.

Fluctuations in market interest rates impact the fair value of derivative financial instruments not participating in a hedging relationship as defined by IAS 39. Such fluctuations are taken into account when assessing the sensitivity of the income statement.

From an accounting standpoint, a 1% increase in the interest rate curve as at 31 December 2009 would have a positive impact of €138 million on Group net profit (€66 million for 2008) and €31 million on equity (€46 million for 2008).

This hypothetical increase of €138 million in Group net profit breaks down as follows:

— -€28 million on floating-rate financial instruments not designated as hedged instruments in a cash flow hedging relationship (-€35 million in 2008);

— +€28 million on liabilities designated at fair value (+€35 million in 2008);

— +€138 million on trading derivatives (+€66 million in 2008).

In addition, the same increase in the interest rate curve would have a positive impact of €18 million on net short-term cash held by the Group (positive impact of €28 million in 2008).

21-1-2 Foreign currency risk management

The commercial activities of the Group do not expose it to material foreign currency risk.

Excluding subsidiaries operating in their own country, Group indebtedness denominated in currencies other than the euro is managed in line with the acceptable risk limit defined, for SNCF, in the same general framework. The Group uses currency swaps for this purpose, generally set-up when the borrowing is issued.

Foreign currency-denominated borrowings as at 31 December 2009, after hedging by currency swaps, represented 1.13% of total borrowings, compared to 1.24% as at 31 December 2008.

Given the small percentage of unhedged foreign currency denominated borrowings, net profit or loss is not, in the Group's opinion, sensitive to foreign currency risk.

21-1-3 Commodity risk management

The Group's production requirements expose it to the risk of fluctuations in the price of petroleum products. This risk is managed using firm and optional derivatives (swaps, options, caps, floors).

For 2009, a 90% hedge of the forecast purchase volumes had been set up in the autumn of 2008. The Group does not apply hedge accounting to these transactions.

21-1-4 Counterparty risk management

The main transactions which could generate counterparty risk are:

Financial investments:

1. Cash and cash equivalents
Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money market mutual funds (UCITS). Given their short residual term and breakdown, no credit risk exposure is generated.

2. Portfolio of available-for-sale securities
During 2008, the Group created a portfolio of medium-term assets to hedge future investment costs. The portfolio is classified in available-for-sale assets *(see Note 9)*. Contrary to the general slide in credit spreads observed in 2008 in relation to the financial crisis, fiscal year 2009 benefitted from an improvement in these spreads, resulting in the recognition of +€12 million in equity (-€11 million in 2008). However, had the change in the credit spread improvement been lowered by 50%, the +€12 million change in 2009 equity would have been reduced to +€7 million.

Derivatives:

Derivative transactions seek to manage interest rate, foreign currency and commodity risk.

The aforementioned general framework defines, for the parent company, the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties. Investment volume and term limits are also defined for each counterparty. The extent to which authorised limits are used, based on future payments or replacement costs, is measured daily and reported.

The counterparty approval procedure for derivative products also involves the signature of a framework agreement. A collateral agreement is also signed with certain counterparties in order to limit counterparty risk.

21-1-5 Liquidity risk management

The parent company assures its daily liquidity through a commercial paper program capped at €3 billion, used in the amount of €565 million as at 31 December 2009 (€2.3 billion as at 31 December 2008) and in the amount of €793 million on average in 2009, compared to €2.4 billion in 2008.

The parent company also set up a Euro commercial paper programme in early 2009 for a maximum amount of €2 billion, used in the amount of €1.88 billion as at 31 December 2009 and in the amount of €1.4 billion on average in 2009.

In addition, the parent company has bilateral credit lines of €890 million (€550 million in 2008). Total confirmed credit lines of the Group amount to €914 million (€958 million in 2008) and break down by maturity as follows:

in € millions	Total as at 31/12/2009	Maturity schedule		
		<1 year	1 to 5 years	>5 years
Confirmed credit line	914	658	256	0

in € millions	Total as at 31/12/2008	Maturity schedule		
		<1 year	1 to 5 years	>5 years
Confirmed credit line	958	548	350	60

21-2 CASH FLOW HEDGES

The fair value of derivatives designated as cash flow hedges breaks down by hedged item as follows:

in € millions	Balance sheet fair value	Maturity schedule		
	as at 31/12/2009	<1 year	1 to 5 years	>5 years
Bonds	-	-	-	-
Non-bond borrowings	-52	-4	-48	-
Finance lease obligations	-96	-31	-65	-
Loans and receivables	-	-	-	-
Fair value of derivatives designated as cash-flow hedges	**-148**	**-35**	**-112**	**-**

in € millions	Balance sheet fair value	Maturity schedule		
	as at 31/12/2008	<1 year	1 to 5 years	>5 years
Bonds	-	-	-	-
Non-bond borrowings	-73	-25	-46	-2
Finance lease obligations	-59	-	-46	-13
Loans and receivables	-	-	-	-
Fair value of derivatives designated as cash-flow hedges	**-132**	**-25**	**-92**	**-15**

The impact on equity, profit or loss for the period and reserves breaks down as follows:

in € millions	Transferable equity
Opening balance (01/01/2009)	-149
Transferred to profit or loss	-9
Changes in effective portion	15
Changes in value of available-for-sale assets	13
Closing balance (31/12/2009)	-130

In 2009, a deferred tax asset for €6 million was offset in equity with respect to changes in the effective value. The change in fair value net of deferred tax is negative at -€1 million over 2009.

in € millions	Transferable equity
Opening balance (01/01/2008)	-22
Transferred to profit or loss	19
Changes in effective portion	-126
Changes in value of available-for-sale assets	-20
Closing balance (31/12/2008)	-149

In 2008, a deferred tax asset for €11 million was offset in equity with respect to changes in the effective value. The change in fair value net of deferred tax is negative at -€116 million over 2008.

21-3 FAIR VALUE HEDGES

Asset and liability items hedged as to fair value are initially recorded at amortised cost and subsequently remeasured at each balance sheet date based on the fair value of the risk hedged. Fair value gains and losses on the hedged risk are offset, except for the ineffective portion, by gains and losses on the hedging derivative.

in € millions	Valuation difference	Change in fair value	Reclassificatio of transactions	Accrued interest	Valuation difference
	as at 1/1/2009		**no longer meeting qualification criteria**	**31/12/2009**	**as at 31/12/2009**
Bonds	140	16	3		160
Non-bond borrowings	-	-	-		-
Finance lease obligations	-	-	-		-
RFF receivable	22	-8	-		14
Other financial assets	18	2	-		20
Total	**180**	**10**	**3**		**193**
Hedging derivatives	**-222**	**-2**	**-9**	**58**	**-176**
Ineffectiveness		**7**			

in € millions	Valuation difference	Change in fair value	Reclassification of transactions	Valuation difference
	as at 1/1/2008		**no longer meeting qualification criteria**	**31/12/2008**
Bonds	299	-163	4	140
Non-bond borrowings	-11	-	11	-
Finance lease obligations	-	-	-	-
RFF receivable	4	12	5	22
Other financial assets	0	18	0	18
Total	**292**	**-132**	**20**	**180**
Hedging derivatives	**-342**	**121**	**-1**	**-222**
Ineffectiveness		**-12**		

22 Operating payables and other accounts in credit

Operating payables break down as follows:

in € millions	31/12/2009	31/12/2008	Change
Trade payables and related accounts	3,738	3,505	232
o/w amounts payable to suppliers of PP&E	*496*	*523*	*-28*
Payments received on account for orders	555	633	-78
o/w advances received on sales of PP&E	*307*	*511*	*-204*
Employee-related liabilities	1,870	1,477	394
Amounts payable to the French State and local authorities	994	1,086	-92
Other operating payables	400	754	-354
Investment grants	7,294	6,423	872
Deferred income	1,242	1,124	117
Total operating payables	**16,093**	**15,002**	**1,092**

23 Assets and liabilities classified as held for sale

in € millions	31/12/2009	31/12/2008
Assets classified as held for sale	1	17
Liabilities relating to assets classified as held for sale	6	38
Net impact on balance sheet	**-5**	**-21**

Assets held for sale primarily concern the Geodis parcel delivery activity in Spain.

24 Segment reporting

The SNCF Group activity is organised as indicated in Note 4.22.

in € millions	31/12/2009						
	SNCF Infra	**SNCF Proximités**	**SNCF Voyages**	**SNCF Geodis**	**Common operations**	**Inter-division**	**Total**
External revenue	4,551	6,402	6,285	7,157	487		24,882
Internal revenue	595	178	1,091	220	4,288	-6,372	
Revenue	**5,146**	**6,579**	**7,375**	**7,377**	**4,775**	**-6,372**	**24,882**
Gross profit	**-92**	**302**	**1,151**	**-49**	**376**		**1,688**
Current operating profit	**-134**	**-25**	**707**	**-420**	**17**		**145**
Operating profit	**-378**	**-50**	**691**	**-912**	**188**		**-460**
Depreciation and amortisation	-12	-336	-423	-307	-266		-1,344
Net charges to provisions	-30	9	-22	-64	-93		-200
Impairment losses	-245	-36	-8	-736	-12		-1,037

in € millions	31/12/2008						
	SNCF Infra	**SNCF Proximités**	**SNCF Voyages**	**SNCF Geodis**	**Common operations**	**Inter-division**	**Total**
External revenue	4,307	6,168	6,308	7,814	591		25,188
Internal revenue	515	172	1,161	213	3,711	-5 773	
Revenue	**4,823**	**6,340**	**7,469**	**8,027**	**4,302**	**-5 773**	**25,188**
Gross profit	**13**	**457**	**1,573**	**269**	**279**		**2,591**
Current operating profit	**-186**	**141**	**1,133**	**-86**	**-22**		**980**
Operating profit	**-506**	**111**	**1,097**	**-26**	**181**		**856**
Depreciation and amortisation	-71	-313	-404	-274	-195		-1,257
Net charges to provisions	-127	-4	-36	-81	-106		-354
Impairment losses	-324	-37	-33	27	0		-368

Total segment assets comprise goodwill, intangible assets, property, plant and equipment and operating assets excluding tax consolidation current accounts. The item breaks down as follows by division:

in € millions	31/12/2009						
	SNCF Infra	**SNCF Proximités**	**SNCF Voyages**	**SNCF Geodis**	**Common operations**	**Inter-division**	**Total**
Total segment assets	**1,904**	**10,256**	**7,710**	**5,585**	**5,948**	**-89**	**31,314**
of which:							
Goodwill, PP&E and intangible assets	48	9,498	7,064	3,458	4,498		24,566

in € millions	31/12/2008						
	SNCF Infra	**SNCF Proximités**	**SNCF Voyages**	**SNCF Geodis**	**Common operations**	**Inter-division**	**Total**
Total segment assets	**1,817**	**9,399**	**7,181**	**5,418**	**5,801**	**-118**	**29,498**
of which:							
Goodwill, PP&E and intangible assets	174	8,823	6,654	3,527	4,335		23,513

Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary information is unavailable and the cost to develop it would be excessive.

Liabilities, income tax expense, and interest income and expense are not monitored by the main operational decision-maker.

25 Purchases and external charges

Purchases, sub-contracting and other external charges break down as follows as at 31 December 2009:

in € millions	31/12/2009	31/12/2008	Change
Sub-contracting	-3,998	-3,595	-404
Tolls[1]	-3,190	-3,038	-152
Other purchases and external charges	-4,800	-5,215	415
Total purchases and external charges	**-11,988**	**-11,847**	**-141**

(1) Tolls invoiced by RFF and Eurotunnel.

26 Employee benefits expense and headcount

As at 31 December 2009, the employee benefits expense and headcount break down as follows:

in € millions	31/12/2009	31/12/2008	Change
Wages and salaries	-10,079	-9,722	-357
Pension and other benefits[1]	-262	45	-307
Profit-sharing and incentive schemes	-18	-25	7
Stock options	0	-2	1
Seconded and temporary employees	-55	-137	82
Total employee benefits expense	**-10,415**	**-9,841**	**-574**
Average number of full time employees	**200,097**	**201,339**	**-1,242**

(1) Including a new agreement relating to the Gradual Cessation of Activity and the Time Savings Account for respectively -€325 million and -€7 million as at 31 December 2009.

The employee benefits expense rose by €574 million, of which €66 million due to a Group structure impact. Excluding this impact, the increase amounted to €508 million, primarily attributable to:

– the provision for the gradual cessation of activity (+€325 million);

– the 3.43% (+€292 million) increase in average employee costs by employee in terms of the parent company scope;

– the absence of an employee dividend in 2009 (compared to a dividend of €81 million in 2008);

– the €31 million decrease in the paid holiday provision at the parent company level.

The Group headcount declined slightly. The downward trend observed at the parent company level was only partially offset by an increase in headcount at subsidiary level (+472). The latter change reflects a combination of factors:

– a positive Group structure impact due the acquisitions of the Geodis Group (impact of approximately +1,545 on headcount), and the acquisitions of Novatrans (+255) and ITL (+58);

– a positive impact relating to activity growth at Effia and Inexia (+80 in relation to the Rhin-Rhone high-speed line);

– a negative impact following a decline in activity for the Geodis and STVA groups and the restructuring of SeaFrance.

The impact of the reverse discounting of employee obligations in liabilities is recorded in finance costs under the heading Finance cost of employee benefits *(see Note 30)*.

27 Depreciation and amortisation

The net charge to depreciation and amortisation as at 31 December 2009 net of grant reversals breaks down as follows:

in € millions	31/12/2009	31/12/2008	Change
Depreciation and amortisation	-1,741	-1,595	-146
Grants released to profit or loss	397	338	59
Depreciation and amortisation, net of grants	**-1,344**	**-1,257**	**-87**

Depreciation and amortisation concern:

– intangible assets in the amount of €116 million (€82 million in 2008);

– property, plant and equipment in the amount of €1,625 million (€1,513 million in 2008).

28 Impairment losses

The assumptions and CGUs adopted are presented in Note 8. The impacts on the income statement are as follows:

in € millions	31/12/2009	31/12/2008	Change
Intangible assets and property, plant and equipment	-783	-379	-403
Goodwill	0	0	0
Provisions for contingencies and losses	-254	11	-266
Impairment losses	**-1,037**	**-368**	**-669**

28-1 SNCF INFRASTRUCTURE - MAINTENANCE AND ENGINEERING

The impairment loss recognised for SNCF Infrastructure as at 31 December 2008 amounted to €325 million. An additional impairment loss of €245 million was recorded in 2009, of which €112 million for rolling stock. At the 31 December 2009 year-end, all Infrastructure asset categories had been fully impaired.

28-2 SNCF RAIL FREIGHT

Within the SNCF Geodis division, the Fret SNCF activity has been broken down into five CGUs to reflect the new organisation set up as part of the master development plan released to the public in September 2009 *(see Note 2)*. The company's rolling stock is impaired based on usage:

– if the equipment has not been allocated or if the equipment's allocated CGU generates negative cash flows:
- 100% impairment of rolling stock that has no market value,
- Net carrying amount written down to the market value if the latter is lower;

– if the equipment's allocated CGU generates positive cash flows, the rolling stock is not impaired.

Overall, an additional impairment of €453 million was recorded for rolling stock (including rolling stock in progress). In addition, a contingency provision net charge of €230 million was recognised for firm order commitments.

At this stage, the Group considers that this impairment level represents the best estimate of impairment losses to be recognised.

In addition, the spare parts inventory for Fret SNCF equipment was impaired for 70% of its value, i.e. €12 million as at 31 December 2009.

28-3 FRANCE WAGONS

With respect to the France Wagons, an impairment loss reversal of €61 million was recognised as at 30 June 2008 for the France Wagons cash-generating unit and specifically the unit's cars.

A €16 million impairment loss charge was recognised as at 31 December 2009 for cars that are obsolete or cars that cannot be relocated.

28-4 SNCF VOYAGES - STANDARD ROLLING STOCK (CORAIL, ELIPSOS)

All so-called standard rolling stock - Corail, Elipsos - is impaired. As at 31 December 2009, an additional net impairment loss was recognised for €9 million (idem in 2008).

28-5 SNCF PROXIMITÉS - INTERCITÉS

All Intercités rolling stock is impaired. As at 31 December 2009, an additional net impairment loss of €33 million (€41 million in 2008) was recognised with respect to the Intercités net assets.

29 Net proceeds from asset disposals

in € millions	31/12/2009	31/12/2008	Change
Disposal of intangible assets	2	3	-2
Disposal of property, plant and equipment	431	244	187
Disposal of investments	0	-3	3
Total net proceeds from asset disposals	**432**	**244**	**188**

Net proceeds from the disposal of property, plant and equipment in 2009 correspond to sales of real estate, of which the sale of the Batignolles sites *(see Note 2.7)*.

30 Net borrowing costs

Net borrowing costs break down as follows:

in € millions	31/12/2009	31/12/2008	Change
Net changes in fair value and hedges	79	-176	254
Interest expense	-315	-289	-27
Other interest expense and income	11	10	1
Total	**-226**	**-454**	**228**

in € millions	31/12/2009	31/12/2008	Change
Interest expense	-790	-856	66
Interest income	564	402	162
Net borrowing costs and other	**-226**	**-454**	**228**

Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

31 Income tax expense

31-1 ANALYSIS OF THE INCOME TAX EXPENSE

31-1-1 Income tax in the income statement

in € millions	31/12/2009	31/12/2008	Change
Current tax (expense)/income	-23	-37	14
Deferred tax (expense)/income	-182	287	-469
Total	**-205**	**250**	**-455**

An additional deferred tax asset was recognised for €393 million as at 31 December 2008 due the high probability of recovery for the Group's tax loss carry-forwards. The increase in the deferred tax asset was offset in the amount of €107 million via the use of tax losses during the year. The net impact on net profit is €287 million.

As at 31 December 2009, tax assets for the parent company tax grouping regime were impaired by €200 million, falling to €968 million.

31-1-2 Tax in comprehensive income

In 2009, a deferred tax charge of €11 million was recognised in the comprehensive income statement. The item mainly relates to changes in the effective value of cash flow hedges.

31-2 TAX PROOF

in € millions	31/12/2009	31/12/2008
Consolidated net profit for the year	**-972**	**589**
Share in profit of associates	14	32
Net loss before tax of discontinued operations	-17	-40
Corporate income tax	-205	250
Net profit before tax from ordinary activities	**-763**	**347**
Income tax rate applicable in France	34.43%	34.43%
Theoretical income tax (expense)/income	**263**	**-119**
Permanent differences	-5	-20
Capitalisation of prior year losses not capitalised	0	308
Tax losses and temporary differences of the period not capitalised	-279	-24
Impairment of deferred taxes previously capitalised	-200	0
Utilisation of tax losses and temporary differences not previously capitalised	4	90
Differences in tax rates and tax credits	14	14
Income tax (expense)/income recorded	**-205**	**250**
Effective tax rate	**-26.85%**	**-71.94%**

31-3 TAX ASSETS NOT RECOGNISED

SNCF opted for the tax grouping regime on 1 July 1988. As at 31 December 2008, the tax group comprised 50 subsidiaries, including SeaFrance, SNCF Participations, and France Wagons. In 2009, the tax grouping regime was extended to cover a number of the French subsidiaries of Geodis, bringing the total to 231 entities.

Group tax losses carried forward as at 31 December 2009 amounted to €5.6 billion, compared to €6.4 billion as at 31 December 2008. Tax assets not recognised at this date totalled €2.4 billion.

31-4 DEFERRED TAX RECOGNISED

in € millions	31/12/2008	Net profit/ (loss)	Equity	Reclassification	Change in consolidation scope and foreign exchange	31/12/2009
Tax losses carried forward	**2,310**	**-198**	**-0**	**57**	**0**	**2,169**
Employee benefits	391	-16	0	13	-0	387
Amortisation difference - overhaul component	-374	87	-0	91	-5	-201
Finance leases	83	-3	-	-105	-2	-26
Tax-driven provisions	-33	-5	-	-10	-0	-48
Financial instruments	64	-47	3		1	20
Internal profits and losses	60	25	-		-	85
Total consolidation restatements	**191**	**41**	**2**	**-11**	**-6**	**216**
Non-deductible provisions and other and other tax differences	**635**	**387**	**-9**	**-96**	**-0**	**917**
Deferred tax assets not recognised	**-2,047**	**-412**	**0**	**49**	**2**	**-2,406**
Net deferred tax assets recognised	**1,088**	**-182**	**-6**	**-0**	**-4**	**896**
Deferred tax assets	1,185					992
Deferred tax liabilities	97					96
Deferred taxes net balance sheet position	**1,088**					**896**

32 Off-balance sheet commitments

Commitments given	31/12/2009				31/12/2008
	Amount of commitments per period				
	Total commitment	Less than 1 year	1 to 5 years	More than 5 years	Total commitment
Discounted notes not yet matured	-	-	-	-	0
Endorsements and guarantees [3]	763	368	155	240	722
Guarantees given in respect of loans secured by employees [5]	1,000	1,000	-	-	1,001
Rail equipment purchase commitments [1]	5,858	1,406	3,998	454	6,952
Share purchase commitments	260	260	-	-	-
Other purchase commitments for operations [2]	2,540	1,578	958	5	2,811
Equipment operating lease	287	113	145	29	315
Property operating lease [6]	1,326	279	698	349	1,062
Security interests, pledges and collateral [7]	722	116	118	489	1,167
Offers to sale - real estate	136	64	72	-	370
Investment call and put options	15	8	6	1	27
Regional investment commitment (TER)	-	-	-	-	-
Advances repayable to third parties	57	6	22	29	65
Forward currency purchases	-	-	-	-	20
Financial recovery clause	-	-	-	-	-
Capitalised export receivables	-	-	-	-	-
Trade receivables assigned	3	-	-	3	4
Other commitments given	45	22	10	13	62
Total commitments given	**13,016**	**5,220**	**6,183**	**1,612**	**14,578**

32 Off-balance sheet commitments

Commitments given	31/12/2009				31/12/2008
	Amount of commitments per period				
	Total commitment	Less than 1 year	1 to 5 years	More than 5 years	Total commitment
Discounted notes not yet matured	-	-	-	-	-
Endorsements and guarantees [4]	759	694	54	12	809
Guarantees given in respect of loans secured by employees	-	-	-	-	1
Rail equipment purchase commitments	2,500	717	1,682	100	2,115
Other purchase commitments for operations	1,027	163	648	217	443
Equipment operating lease	-	0	-	-	-
Property operating lease	209	20	86	102	270
Security interests, pledges and collateral	1	0	1	-	0
Undrawn bank credit lines [8]	914	658	256	-	958
Forward currency purchases	-	-	-	-	15
Offers to sale - real estate	133	61	72	-	419
Investment call and put options	-	-	-	-	-
Financial recovery clause	-	-	-	-	-
Other commitments received	131	18	64	49	125
Total commitments received	**5,673**	**2,331**	**2,863**	**479**	**5,155**

(1) Commitments given concern firm orders for rolling stock. A contingency provision in respect of firm orders for Freight equipment was recorded for €255 million (see Note 18). *Commitments received correspond to investment grants receivable from Regional authorities for ordered rolling stock (TER and Transilien).*
(2) Other operating purchase commitments given concern firm orders for contracts and various purchases (infrastructure, electricity, transport contracts, intellectual services, etc.).
(3) Guarantees given concern €95 million (€153 million in 2008) in guarantees granted by SNCF in respect of SOFIAP (formerly SOCRIF) bank borrowings, and customs guarantees granted by Geodis in connection with its activity for €190 million (€203 million in 2008).
(4) Guarantees received concern €645 million in first-demand bank guarantees with company suppliers and a joint and several first-demand counter-guarantee given to SNCF in respect of the loans granted to SOFIAP for €95 million. These guarantees correspond exactly to the guarantees given.
(5) Total outstanding on guarantees given by SNCF in respect of real estate loans secured by employees. Statistically, guarantee calls are very limited.
(6) The increase in real estate operating lease commitments given is primarily the result of the signature of new leases, particularly in Paris and Le Mans.
(7) Among the security interests and pledges:
– Securities pledge for the Ermewa group for €89 million (idem in 2008);
– Various Ermewa backed securities for bankers in the amount of €244 million (€236 million in 2008);
– Pledge of NTV securities to creditors for €84 million (€49 million as at 31 December 2008) as a guarantee of NTV solvency until repayment of the financing;
– Security interests on rolling stock for €258 million (€225 million as at 31 December 2008) to secure a loan.
The change is mainly explained by the removal of pledges on the securities of TNT Freight Forwarding, renamed Geodis Wilson, for €428 million, and Geodis Freight Management, for €67 million, in January 2009.
(8) For the unused credit lines, (see Note 21.1.5).

32-1 LEASE TRANSACTIONS

SNCF EPIC carried out transactions in the form rather than substance of a lease. These transactions comprised:

– the leasing of a qualified technological equipment network to a US lessor, who immediately sub-leases it to SNCF for a maximum period of 16 years. The assets in question are all the SNCF EPIC ticket sale and reservation equipment; or

– the sale of rolling stock (Corail TEOZ cars, TGV trains, etc. commissioned or to be delivered, etc.) to an investor who immediately sub-leases it to SNCF EPIC for a determined period of 4 to 18 years according to the contracts.

In certain cases, the lessor is a fiscally transparent special entity created for this transaction that can only operate for this purpose.

During the sub-leasing (16 years) or leasing (4 to 18 years) periods, all payments made and received in connection with the lease offset each other and do not impact the financial statements, apart from the net profit recognised in the transaction period *(see Note 4.10)*. This profit corresponds to the retrocession of a portion of the tax deferral obtained by the investor. The asset sold or leased is maintained in the Group balance sheet.

At the end of the sub-leasing or leasing periods, SNCF EPIC has several options based on the type of transaction:

– exercise a purchase option at a pre-determined price, thus maintaining its initial profit;

– give the equipment to the lessor, who will use it for his own purpose;

– give the equipment to the lessor, for whom SNCF EPIC will act as market sales agent for the equipment, guaranteeing a sale price at least equal to the amount of the purchase option;

– resell the equipment on the lessor's behalf, for a resale commission.

The use, replacement, operation or definition of assets is in no way affected. The risks borne by SNCF EPIC are limited to equipment ownership, the risks generated by French law, and counterparty risks covered by collateralisation contracts.

32-2 ERMEWA

The Ermewa commitments described as at 31 December 2008 have been extinguished with the acquisition of the Ermewa Group.

32-3 KEOLIS

32-3-1 Procedures for the transfer or sale of Kuvera Développement securities

Kebexa Participations, AXA Private Equity, Caisse de Dépôt et Placement du Québec ("CDPQ") and SNCF Participations signed a shareholders' agreement on 20 April 2007 defining the terms of governance of Kuvera Développement and procedures for the sale or transfer of securities. As part of the transfer of securities from the Effia Group (excluding Effia Services) to Kuvera Développement on 4 February 2010, pursuant to a memorandum of agreement dated 30 April 2009, and following the removal of various conditions precedent, an amendment to the shareholders' agreement of 20 April 2007 entered into force on 4 February 2010. Kuvera Développement is held by Kebexa Participations, SNCF Participations and the managers of the Keolis Group (the "Managers"). Kebexa Participations is itself held by AXA Private Equity and the Caisse de Dépôt et Placement du Québec.

The shareholders' agreement is valid until 19 April 2022. It will however cease to apply to any party on the sale of their Kuvera Développement or Kebexa Participations securities and will automatically terminate in the event of an IPO by Kuvera or any Keolis Group company.

The following commitments were given under the shareholders' agreement, as modified by the amendment of 4 February 2010:

– 5-year lock-in period applicable to Kebexa Participations and Kuvera Développement securities, from 20 April 2007 to 20 April 2012, except for transfers expressly authorised by the shareholders' agreement;

– after this period and for a period of 6 years, that is from 20 April 2012 to 20 April 2018, SNCF Participations irrevocably grants a purchase undertaking to Kebexa Participations covering all its Kuvera Développement securities and exercisable in advance after the 31 December 2009 and 31 December 2010 year-ends if performance criteria are not satisfied (consolidated EBITDA). The exercise price will correspond to the market value (based on the enterprise value of Kuvera Développement) at the exercise date. During the term of the purchase undertaking, a mechanism also exists should only one of the Kebexa shareholders wish to sell their investment.

From 1 January 2010 to 20 April 2018, Kebexa Participations irrevocably grants SNCF Participations a sale undertaking covering the sale of all its Kuvera Développement securities. The sale undertaking may be exercised at any time by SNCF Participations.

From 1 January 2010 to 20 April 2014, the exercise price of this promise shall correspond to the maximum between (i) the market value at the date of exercise and (ii) an amount calculated on the basis of a multiple of the initial investment of Kebexa Participations in Kuvera Développement. Beyond 20 April 2014, the exercise price of the sale undertaking shall correspond to the market value at the exercise date. The market value shall be assessed by the investment banks mandated for this purpose.

– At the end of the lock-in period, which is from 20 April 2012, Kebexa Participations will hold joint pre-emption and sale rights in the event of a transfer by SNCF Participations of its Kuvera Développement securities.

– At the end of the sale undertaking term, that is from 20 April 2018, SNCF Participations will hold a right of sale enforceable against Kebexa Participations and in the event of the sale by Kebexa Participations of its Kuvera Développement securities, joint pre-emption and sale rights.

– Throughout the entire term of the shareholders' agreement, in the event of a change in control of one of the main shareholders of Kebexa Participations, a mechanism exists to enable SNCF to purchase or have purchased the securities held by the shareholder having undergone a change in control.

– SNCF Participations may request a highly-reputed third party of its choice to take its place for the exercise of the purchase undertaking granted to Kebexa Participations or the sale undertaking granted by Kebexa Participations.

32-3-2 Dividend distribution commitments

In the shareholders' agreement, as modified by the amendment dated 4 February 2010, SNCF Participations, Kebexa Participations, AXA Private Equity and CDPQ undertook to approve at a shareholders' meeting the yearly distribution of a minimum dividend to be paid by Kuvera Développement, subject to compliance with legal limits and certain financial criteria.

In addition, SNCF Participations holds Kuvera Développement preference shares conferring preferential financial rights (amount of the preferred dividend and priority entitlement to any liquidation bonus on liquidation).

32-3-3 Relations with managers

As part of a shareholders' agreement signed by the Kuvera Développement Managers and shareholders on 20 April 2007, as modified by the amendment dated 4 February 2010, SNCF Participations undertook the following commitments with respect to Managers for a period of 15 years:

– in the event of the transfer by Kebexa Participations of all its Kuvera Développement securities, SNCF Participations and Kebexa Participations will be entitled to require Managers to sell their Kuvera Développement securities (shares and share subscription warrants);

– managers grant SNCF Participations and Kebexa Participations a sale undertaking covering their Kuvera Développement securities that must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations. The calculation of the sales price will depend on the date and reasons for the Managers' departure;

– SNCF Participations and Kebexa Participations grant Managers a purchase undertaking covering the entire term of the shareholders' agreement and their investment in Kuvera Développement in the event of permanent disability or death. This undertaking must be exercised jointly in the amount of 58.15% by SNCF Participations and 41.85% by Kebexa Participations;

– in order to guarantee the repayment of a €7.3 million loan maturing 2016, granted by the Neuflize Bank OBC to the company representing Managers, SNCF Participations granted a partial purchase undertaking to this company covering Kuvera Développement securities, which would enable it to repay this loan and any corresponding interest. This undertaking may be exercised directly by the Neuflize Bank OBC if the loan is not paid on maturity. In return, the Neuflize Bank OBC granted a sales undertaking to SNCF Participations covering any securities that it may hold following the realisation of the pledge over Kuvera Développement securities granted by Managers.

32-3-4 Pledge

In guarantee of the loan contract signed on 24 May 2007 by Kuvera Développement, its subsidiary Financière Keos and a consortium of banks, as modified by the amendment dated 9 June 2009, concerning a loan contract for a maximum principal amount of €395 million and the opening of revolving credit facilities for a total maximum amount of €200 million, the following collateral was pledged in favour of the financial institutions:

– pledge by Kuvera Développement of its bank accounts;

– pledge by Kuvera Développement of Keolis securities;

– pledge by Keolis of Keolis UK securities.

32-3-5 Vendor warranties

As part of the Effia transfer to Kuvera Développement, SNCF-P granted a compensation guarantee to Effia Concessions with respect to litigation involving one of its suppliers.

32-4 STVA

As part of the set-up within STVA of a corporate savings scheme, whose funds are managed by Crédit Agricole Epargne Salariale, SNCF Participations undertook to assure the liquidity of the STVA mutual fund (created specifically for this purpose), whose assets primarily comprise STVA shares.

33 Related-party transactions

SNCF EPIC, as an industrial and commercial public institution wholly owned by the French State (via the French Government Shareholding Agency), is related, within the meaning of IAS 24, Related-Party Disclosures, to all companies and entities controlled by the French State.

As the ultimate objective of IAS 24 is to draw the attention of financial statement users to the terms and conditions of transactions not forming part of normal business activities between the Group and third parties with which it has privileged relations, the Group has excluded from related-party disclosures all transactions entered into on an arm's length basis.

SNCF Group has identified the following related parties:

– the French State for all relations with it in its role as shareholder; conversely, taxes paid pursuant to ordinary law are excluded from the scope of related party transactions;

– transport organising authorities;

– RFF;

– ICF group E.S.H. low-rental housing companies.

Only transactions entered into by SNCF are presented below. Other Group companies do not have material transactions with related parties.

33-1 TRANSACTIONS WITH THE FRENCH STATE

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport organising authorities, not governed by ordinary law.

33-1-1 Public assistance

Public assistance granted to the company by the State and local communities is presented in the following table:

in € millions	31/12/2009	31/12/2008
Operating grants received	33	23
Contribution to the Special Debt Account	-	-
Contribution to the Employee Pension and Provident Fund	-	1,472
Total French state (central)	**33**	**1,495**

The change in the contribution to the Employee Pension and Provident Fund (CPRP) is explained in Note 9.

33-1-2 Grants received

SNCF Group receives investment grants in the form of third-party financing, primarily from local authorities, for TER rolling stock.

The investment grants are recorded in the balance sheet and released to profit or loss on the depreciation line, over the economic useful life of the corresponding assets.

in € millions	31/12/2009	31/12/2008
Investment grants	1,131	1,354
Total regions	**1,131**	**1,354**

33-2 TRANSACTIONS WITH TRANSPORT ORGANISING AUTHORITIES

Services provided with transport organising authorities (including STIF) recorded in revenue amounted to €3,389 million for 2009, compared to €3,344 million in 2008.

33-3 TRANSACTIONS WITH OTHER STATE COMPANIES

Transactions between SNCF Group and other State companies (EDF, France Telecom, La Poste, etc.) are all performed on an arm's length basis, except for transactions entered into by mutual agreement with RFF, for whom SNCF currently remains one of its main customers.

All other transactions entered into by the Group with related parties are performed on an arm's length basis.

Balance sheet headings:

in € millions	31/12/2009	31/12/2008
RFF net receivable(*)	1,147	414
RFF payables	444	367
RFF net balance sheet position	**703**	**47**

(*) Balance sheet headings excluding the financial receivable presented separately in balance sheet assets.

Income and expenses:

in € millions	31/12/2009	31/12/2008
Revenue with RFF	4,333	4,062
Tolls paid to RFF	3,026	2,882
Revenue net of tolls	**1,307**	**1,180**

As these transactions are between related parties owned by the French State, credit risk is considered nil. No doubtful receivables have been identified.

33-4 TRANSACTIONS WITH ICF GROUP E.S.H. LOW-RENTAL HOUSING COMPANIES

Balance sheet headings:

in € millions	31/12/2009	31/12/2008
Current financial assets	3	1
Non-current financial assets	396	386
Current financial liabilities	49	132
Non-current financial liabilities	-	-
Related party net balance sheet position	**350**	**256**

Non-current financial assets primarily comprise building loans granted by SNCF and ICF to E.S.H. subsidiaries and equity investments of the E.S.H. subsidiaries. The latter amounted to €124 million (€120 million in 2008) and are included in available-for-sale assets (see Note 9).

Financial liabilities represent E.S.H. subsidiary investments with ICF.

Transactions with low-rental companies recorded in the income statement are not material.

33-5 TRANSACTIONS WITH ASSOCIATES

Transactions with associates are not material.

34 Management compensation

The Group's key management personnel are members of the SNCF Group Management Committee. Their cumulative taxable compensation is as follows:

	31/12/2009	31/12/2008	Change
Number of managers concerned	13	15	2
Average number of managers during the year	12	12	-
Total compensation in € million	**4**	**4**	**0**

35 Litigation and disputes

The Group is involved in a number of legal proceedings and disputes in the course of its operating activities, which are unresolved at the year-end. Provisions are recorded to cover the charges associated with these disputes where they are considered probable and can be quantified or estimated with reasonable accuracy.

COMPETITION-RELATED DISPUTES

Karavel, Promovacances.com, Lastminute and Switch filed complaints with the French Competition Council on 5 August 2002, 25 June 2004 and 4 April 2007 respectively, with regard to on-line travel practices carried out by SNCF Group and Expédia.

Following proceedings during the summer of 2008 and the decision of SNCF not to challenge the grievances (article L. 462-2 III of the French Commercial Code), in addition to hearings before the French Competition Council on 2 and 9 December 2008, the Competition Council handed down its ruling on 5 February 2009. Under the ruling, SNCF was ordered to a pay a €5 million fine. The Council also acknowledged the commitments undertaken by the SNCF Group, underlining in its press release that they would provide greater visibility to rail companies arriving on the market, subsequent to the opening of competition to international passenger transport.

SNCF did not appeal the ruling of the Competition Council, which was not the case with Expédia and Karavel. Accordingly, SNCF sought to obtain a voluntary joinder from the court on 10 April 2009. Such a procedure is initiated when the appeal could affect the rights and obligations of the other parties to the Competition Authority proceedings. On 23 February 2010, the Appeal Court confirmed the 5 February 2009 ruling of the Competition Council.

36 Post-balance sheet events

36-1 FULL TAKEOVER OF ERMEWA

At the end of June 2009, the Group's SNCF Geodis division reported that it had strengthened its position within the wagon and container leasing firm, Ermewa. The complete takeover of the Ermewa group, which was previously 49.6% held, marked the division's desire to consolidate its positioning in the asset management sector by directly proposing varied offerings to shippers. This transaction was finalised on 2 February 2010 upon the authorisation of the European Commission. This authorisation was accompanied by an SNCF commitment to sell the interest in TMF (cereal freight forwarders) and the fleet of 1,100 cereal wagons currently owned by Ermewa.

36-2 MERGER BETWEEN KEOLIS AND EFFIA

In March 2009, Keolis, a Group associate, initiated a merger with Effia, a wholly-owned SNCF subsidiary. The aim of Keolis is to benefit from Effia's competencies to deploy new mobility services (car sharing, electrical cars, bicycles and other non-motorised transport) and promote better interaction with collective urban and interurban transport networks. SNCF transferred its Effia shares (excluding Effia Services) to Kuvera, the Keolis holding company. Due to the payment in shares, SNCF held 56.7% of the Keolis capital at the end of the transaction, whereas the percentage interest of financial shareholders was reduced from 51.5% to 40.8%.

This merger was finalised on 4 February 2010 after having obtained the European Commission's authorisation for a joint acquisition. However, given the existence of potential voting rights that could be immediately exercised by the Group as of the transaction date, the Keolis Group will be fully consolidated in 2010.

36-3 CREATION OF THE FUTURE EUROSTAR

In 2010, the legal status of Eurostar will change. The new rail company will be managed by SNCF, its partners London and Continental Railways (LCR) and Société Nationale des Chemins de Fer Belges (SNCB).

In tandem with this change in status, SNCF will acquire control of Eurostar, the share capital ownership breaking down as follows: 55% for SNCF, 40% for LCR and 5% for SNCB.

This transformation will simplify the legal structures, shifting from a cooperative arrangement to the creation of a full-fledged rail operator, thus enabling Eurostar to measure up to the competition.

36-4 BOND ISSUE

The SNCF Group launched a 15-year bond issue in the amount of €750 million. The draw-downs ended on 19 February 2010.

37 Scope of consolidation

37-1 NUMBER OF CONSOLIDATED COMPANIES

The number of companies consolidated by SNCF Group breaks down as follows:

	31/12/2009	31/12/2008	Change
Fully consolidated companies	515	445	70
Proportionately consolidated companies	78	75	3
Equity-accounted companies	319	313	6
Total scope of consolidation	**912**	**833**	**79**

37-2 DETAILED SCOPE OF CONSOLIDATION

Consolidation methods:

— FC: Full Consolidation

— PC: Proportionate Consolidation

— EA: Equity Accounted

— NC: Not Consolidated

Percentage interest: share in the share capital of the consolidated company held by the consolidating company, either directly or indirectly.

Percentage control: percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

37 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
PARENT COMPANY						
SNCF	FR	FC	100.00	100.00	100.00	100.00
SNCF VOYAGES						
A2C	FR	FC	100.00	100.00	100.00	100.00
Alleo	GER	PC	50.00	50.00	50.00	50.00
Artesia	FR	PC	50.00	50.00	50.00	50.00
Brit Cities Limited	GB	FC	100.00	100.00	100.00	100.00
CRM Services	FR	FC	100.00	100.00	100.00	100.00
Elipsos	SPA	PC	50.00	50.00	50.00	50.00
Eurostar Group	GB	FC	62.00	62.00	62.00	62.00
French Rail Incorporated	USA	FC	100.00	100.00	100.00	100.00
French Railways Ltd	GB	FC	100.00	100.00	100.00	100.00
French Travel Service	GB	FC	100.00	100.00	100.00	100.00
GIE SysRailData	FR	FC	100.00	100.00	100.00	100.00
IDTGV	FR	FC	100.00	100.00	100.00	100.00
Intercapital Regional Rail Ltd	GB	EA	35.00	35.00	35.00	35.00
L'Agence Voyages-sncf.com	FR	FC	50.10	50.10	50.10	50.10
Lyria	FR	PC	74.00	74.00	74.00	74.00
NTV	FR	EA	20.00	20.00	20.00	20.00
Parvis	FR	FC	100.00	100.00	100.00	100.00
Rail Europe Bénélux	BEL	FC	100.00	100.00	100.00	100.00
Rail Europe Deutschland	GER	FC	100.00	100.00	100.00	100.00
Rail Europe Espana	SPA	FC	100.00	100.00	100.00	100.00
Rail Europe Group Limited	GB	FC	100.00	100.00	100.00	100.00
Rail Europe Groupe Inc	USA	FC	88.00	88.00	88.00	88.00
Rail Europe Italia	ITA	FC	100.00	100.00	100.00	100.00
Rail Europe Limited	GB	FC	100.00	100.00	100.00	100.00
Rail Europe Suisse	SWI	FC	100.00	100.00	100.00	100.00
Rail Solutions SAS	FR	FC	100.00	100.00	0.00	0.00
RailLink bv	NDL	EA	25.00	25.00	25.00	25.00
Railteam bv	NDL	EA	25.00	25.00	25.00	25.00
RE 4A	FR	PC	50.00	50.00	50.00	50.00
SAM Paris Nord	FR	FC	60.00	60.00	60.00	60.00
SVI srl	FR	FC	100.00	100.00	0.00	0.00
Thalys International	BEL	PC	62.00	62.00	62.00	62.00
Transmanche Night Travel Ltd	GB	FC	100.00	100.00	100.00	100.00
Valga	FR	FC	100.00	100.00	100.00	100.00
VFE e-commerce	FR	FC	100.00	100.00	100.00	100.00
VFE Partenaires SA	FR	FC	100.00	100.00	100.00	100.00
Voyages-SNCF.com	FR	FC	100.00	100.00	100.00	100.00
VSC Technologies	FR	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
SNCF INFRA						
4051726 Canada inc.	CAN	PC	39.86	28.59	39.86	28.59
Arep	FR	FC	100.00	100.00	100.00	100.00
Arep Architecture	FR	EA	25.00	25.00	25.00	25.00
Arep Pekin	CHN	FC	100.00	100.00	100.00	100.00
Arep Ville	FR	FC	100.00	100.00	100.00	100.00
Canarail consultant	CAN	PC	39.86	28.49	39.86	28.49
Citilabs Inc	USA	PC	50.00	34.82	50.00	34.82
Citilabs Ltd	GB	PC	50.00	34.82	50.00	34.82
Consulcio Consultor Systra	CHILI	PC	20.00	14.35	20.00	14.35
Financière Systra	FR	PC	50.00	50.00	50.00	50.00
Foncière du Coq	FR	PC	50.00	35.87	50.00	35.87
Inexia	FR	FC	100.00	100.00	100.00	100.00
Menighetti	FR	FC	100.00	100.00	0.00	0.00
Mexistra	MEX	PC	50.00	35.87	50.00	35.87
MVA Asia	HK	PC	50.00	35.87	50.00	35.87
MVA Beijing	CHN	EA	25.00	17.93	25.00	17.93
MVA Consulting Group	GB	PC	50.00	35.87	50.00	35.87
MVA Hong Kong Limited	HK	PC	50.00	35.87	50.00	35.87
MVA limited	GB	PC	50.00	35.87	50.00	35.87
MVA Shenzen	HK	PC	50.00	35.87	50.00	35.87
MVA Singapour	SGP	PC	50.00	35.87	50.00	35.87
MVA Thaïlande	THAI	PC	49.99	35.86	49.99	35.86
RWPM Saoudi Arabia	S.AR	PC	21.75	13.85	21.75	13.85
SNCF International	FR	FC	100.00	100.00	100.00	100.00
SNSR-PMA JV Saoudi Arabia	S.AR	PC	21.75	13.85	21.75	13.85
Soget	USA	PC	50.00	35.87	50.00	35.87
Sotec Ingéniérie	FR	PC	32.50	23.31	32.50	23.31
Systra Algérie	ALG	PC	50.00	35.75	0.00	0.00
Systra Asia Pacific Ltd	HK	PC	45.00	32.28	45.00	32.28
Systra Consulting	USA	PC	50.00	35.87	50.00	35.87
Systra Consulting Co Ltd	CHN	PC	50.00	35.87	50.00	35.87
Systra Inc	USA	PC	50.00	35.87	50.00	35.87
Systra Ingeneria SL	SPA	PC	47.50	34.07	47.50	34.07
Systra Ltd	GB	PC	50.00	35.87	50.00	35.87
Systra Maroc	MOR	PC	49.90	35.79	49.90	35.79
Systra Mobility	VEN	PC	50.00	35.87		
Systra MVA India Pte Ltd	INDI	PC	50.00	35.87	50.00	35.87
Systra Philippines	PHIL	PC	32.97	23.65	32.97	23.65
Systra SA	FR	PC	50.00	35.87	50.00	35.87
Systra Singapore Pte Ltd	SGP	PC	50.00	35.87	50.00	35.87
Systra Sotecni Spa	ITA	PC	50.00	35.87	50.00	35.87
Systra Venezuela	VEN	PC	50.00	35.87	50.00	35.87

37 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Systracade	CHILI	PC	25.00	17.93	25.00	17.93
Taylor Raynault Amar & Associate Ltd	CAN	PC	39.29	28.59	39.29	28.59
COMMON OPERATIONS AND INVESTMENTS						
Eco-Mobilité Partenaires SAS	FR	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Aménagement	FR	FC	99.99	99.99	99.99	99.99
Espaces Ferroviaires Résidences du Rail	FR	FC	100.00	100.00	100.00	100.00
Espaces Ferroviaires Transactions	FR	FC	100.00	100.00	100.00	100.00
Eurofima	SUI	EA	22.60	22.60	22.60	22.60
GIE Eurail Test	FR	FC	90.00	90.00	90.00	90.00
Gie Financière Sceta	FR	FC	100.00	94.84	100.00	94.84
ICF	FR	FC	100.00	100.00	100.00	100.00
IMTS SAS	FR	FC	100.00	100.00	100.00	100.00
Novedis-ICF	FR	FC	99.97	99.97	99.97	99.97
Orfea- Serhr	FR	PC	50.00	50.00	50.00	50.00
S2FIT1	FR	FC	100.00	100.00	0.00	0.00
SARL Molière	FR	FC	100.00	100.00	100.00	100.00
SCI du Cercle	FR	FC	100.00	100.00	100.00	100.00
SCI La Chapelle	FR	FC	100.00	100.00	100.00	100.00
SCI Ney	FR	FC	100.00	100.00	100.00	100.00
Seafrance	FR	FC	100.00	100.00	100.00	100.00
SNC Monceau	FR	FC	100.00	100.00	100.00	100.00
SNC Vézelay	FR	FC	100.00	100.00	100.00	100.00
SNCF Conseil	FR	FC	100.00	100.00	100.00	100.00
SNCF Participations	FR	FC	100.00	100.00	100.00	100.00
Société des Trains Expositions (STE)	FR	FC	90.46	90.46	90.46	90.46
SPFRD	FR	FC	100.00	100.00	100.00	100.00
Ste Nationale d Espaces Ferroviaires	FR	FC	100.00	100.00	100.00	100.00
SNCF PROXIMITÉS						
Canal TP	FR	FC	100.00	86.34	74.97	86.34
Effia (holding)	FR	FC	99.99	99.99	99.99	99.99
Effia Concessions	FR	FC	100.00	99.99	100.00	99.99
Effia MTI	FR	FC	100.00	99.99	100.00	99.99
Effia Services	FR	FC	100.00	99.99	100.00	99.99
Effia Stationnement et Mobilité	FR	FC	100.00	99.99	100.00	99.99
Effia Synergie	FR	FC	100.00	99.99	100.00	99.99
Effia Transport	FR	FC	100.00	99.99	100.00	99.99
Quiberon Stationnement	FR	FC	52.00	51.99	52.00	51.99
RITMx SAS	FR	FC	100.00	97.30	100.00	97.30
S.E.G.	FR	FC	100.00	99.99	100.00	99.99
Transferis	FR	PC	50.00	50.00	50.00	50.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Equity-accounted Keolis Group						
Kuvera Développement (parent company)	FR	EA	45.38	45.38	45.38	45.38
Keolis fully consolidated subsidiaries						
Aerobag	FR	EA	45.38	45.28	45.38	45.28
Aerolignes	FR	EA	45.38	45.28	45.38	45.28
Aerolis	FR	EA	22.74	22.69	22.64	22.60
Aéroport Angers Marce	FR	EA	45.38	45.28	45.38	45.28
Aéroport de Troyes Barberey	FR	EA	45.38	45.28	45.38	45.28
Aerosat	FR	EA	38.57	38.49	38.57	38.49
Airelle	FR	EA	45.38	45.28	45.38	45.28
Alphacars	FR	EA	45.38	45.28		
Alphameca	FR	EA	45.38	45.28		
Athis Cars	FR	EA	45.13	45.03	45.13	45.03
Autobus de Genval	BEL	EA	45.38	32.14	45.38	32.14
Autobus Dony	BEL	EA	45.38	45.28	45.38	45.28
Autobus Dujardin	BEL	EA	45.38	32.08	45.38	32.08
Autobus Lienard	BEL	EA	45.38	32.24	45.38	32.24
Autobussen Monserez-Verhenne	BEL	EA	45.38	45.28	45.38	45.28
Autocars Charriere Fils	FR	EA	45.15	45.06	45.15	45.06
Autocars Corre	FR	EA	45.38	45.28	45.38	45.28
Autocars Delion SAS	FR	EA	45.38	45.28	45.38	45.28
Autocars H. Pire	BEL	EA	45.38	32.08	45.38	32.08
Autocars Jean Vandermeersch	BEL	EA	45.38	45.28		
Autocars Planche	FR	EA	45.38	45.28	45.38	45.28
Autocars Roche	FR	EA	45.38	45.28	45.38	45.28
Autocars Valenciennois	FR	EA	43.56	43.47	43.56	43.47
Belbus	BEL	EA	45.38	45.28	45.38	45.28
Brussels City Tours	BEL	EA	22.69	16.04	22.69	16.04
Bus Immo	FR	EA	45.38	45.28	45.38	45.28
Bus Inter	FR	EA	45.38	45.28	45.38	45.28
Busslink	SWE	EA	31.77	31.70	31.77	31.70
C.T.A. Valentinoise	FR	EA	45.34	45.25	45.35	45.25
Cannaise de service	FR	EA	45.38	45.28	45.38	45.28
Cardona-Deltenre	BEL	EA	45.38	32.13	45.38	32.13
Cariane Adour	FR	EA	45.38	45.28	45.38	45.28
Cariane Drôme	FR	EA	45.35	45.25	45.35	45.25
Cariane Est	FR	EA	45.38	45.28	45.38	45.28
Cariane Internationale Développement	BEL	EA	45.38	45.28		
Cariane Littoral	FR	EA	45.38	45.28	45.38	45.28
Cariane Loiret	FR	EA	45.38	45.28	45.38	45.28
Cariane Multimodal International	FR	EA	45.38	45.28	45.38	45.28
Cars Blot	FR	EA	45.38	45.28	45.38	45.28
Cars de Bordeaux	FR	EA	45.38	45.28	45.38	45.21

37 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Cars Planche Cottin Prioux	FR	EA	45.38	45.28	45.38	45.28
Ceyte Tourisme Méditerranée	FR	EA	45.37	45.27	45.38	45.28
Cie Bus Alençonnais - Cobal	FR	EA	45.38	45.28	45.38	45.28
Cie Maritime Penn Ar Bed	FR	EA	45.38	45.28	45.38	45.28
Cie Tpts Méditerranéens	FR	EA	45.15	45.06	45.15	45.06
Cintra	SPA	EA	45.38	32.08	45.38	32.08
Cintral	BEL	EA	45.38	45.28	45.38	45.28
City Liner	BEL	EA	45.20	32.00	45.20	32.00
City Trafik	DEN	EA	45.38	45.28	45.38	45.28
Citypendeln	SWE	EA	45.38	45.28	45.38	45.28
Compagnie du Blanc Argent	FR	EA	45.11	45.01	45.11	45.01
CSG Commuter Security	SWE	EA	45.38	45.28	45.38	45.28
Delion Tourisme	FR	EA	45.38	45.28	45.38	45.28
Devillairs	FR	EA	45.34	45.24	45.34	45.24
Easybus	GB	EA	45.38	45.28	45.38	45.28
Eltebe	BEL	EA	45.38	45.28		
Entreprise Charles Caron	FR	EA	45.38	45.28	45.38	45.28
Entreprise Philippe Détré	FR	EA	45.38	45.28	45.38	45.28
Etablissement Via Autoroute	FR	EA	45.28	45.28	45.28	45.28
Etasse Tourisme	FR	EA	45.38	45.28	45.38	45.28
Etasse Voyages	FR	EA	45.38	45.28	45.38	45.28
Eurobahn Verkers Services Gmbh	GER	EA	45.38	45.28	45.38	45.28
Eurobus Holding	BEL	EA	28.94	32.08	28.94	32.08
Eurobussing Airport	BEL	EA	45.38	32.08	45.38	32.08
Eurobussing Vlaanderen	BEL	EA	45.38	32.08	45.38	32.08
Eurobussing Wallonie	BEL	EA	45.38	32.08	45.38	32.08
Financière Keos	FR	NI	0.00	0.00	45.38	45.38
Fjord1 Partner AS	NOR	EA	23.14	23.09		
Flanders Bus	BEL	EA	45.38	45.28		
Flanders Coach Group	BEL	EA	45.38	45.28		
Garage du Perron	FR	EA	45.26	32.03	45.26	32.03
Garrel et Navarre	FR	EA	45.38	45.28	45.38	45.28
Gep Vidal	FR	EA	45.37	45.27	45.37	45.27
GIE Centre Cars	FR	EA	45.38	45.28	45.38	45.28
Gie Orset	FR	EA	45.38	45.28	45.38	45.28
Gino Tours	BEL	EA	45.38	45.28		
Groupe Orleans Express	FR	EA	34.04	33.96	34.04	33.96
Heyerick	BEL	EA	45.38	45.28		
Institut Keolis	FR	EA	45.38	45.28	45.38	45.28
Interhone	FR	EA	45.38	45.28	45.38	45.28
Intrabus Orly	FR	EA	45.38	45.28	45.38	45.28
Jobard et Cie	FR	EA	45.38	45.28	45.38	45.28
KDR Victoria Pty Ltd	AUS	EA	23.14	23.09		

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis	FR	EA	45.28	45.28	45.28	45.28
Keolis Abbeville	FR	EA	44.94	44.84	44.94	44.84
Keolis Agen	FR	EA	45.38	45.28	45.38	45.28
Keolis Aix Les Bains	FR	EA	45.38	45.28	45.38	45.28
Keolis America Inc.	USA	EA	45.38	45.28	45.38	45.28
Keolis Angers	FR	EA	45.38	45.28	45.38	45.28
Keolis Arles	FR	EA	45.38	45.28	45.38	45.28
Keolis Armor	FR	EA	45.38	45.28	45.38	45.28
Keolis Artois	FR	EA	45.38	45.28	45.38	45.28
Keolis Atlantique	FR	EA	45.38	45.28	45.38	45.28
Keolis Auch	FR	EA	45.38	45.28	45.38	45.28
Keolis Aude	FR	EA	45.38	45.28	45.38	45.28
Keolis Australie Pty	AUS	EA	45.38	45.28		
Keolis Bassin de Thau	FR	EA	45.29	45.19	45.29	45.19
Keolis Besançon	FR	EA	45.36	45.27	45.33	45.23
Keolis Blois	FR	EA	45.38	45.28	45.38	45.28
Keolis Bordeaux	FR	EA	45.37	45.27		
Keolis Bourgogne	FR	EA	44.93	44.83	44.93	44.83
Keolis Brest	FR	EA	45.38	45.28	45.38	45.28
Keolis Caen	FR	EA	44.84	44.74	44.84	44.74
Keolis Cahors	FR	EA	45.38	45.28	45.38	45.28
Keolis Calvados	FR	EA	45.38	45.28	45.38	45.28
Keolis Canada Inc	CAN	EA	45.38	45.28	45.38	45.28
Keolis Centre	FR	EA	45.38	45.28	45.38	45.28
Keolis Chalons-en-Champagne	FR	EA	44.11	44.01	44.05	43.96
Keolis Charentes Maritime	FR	EA	43.17	43.08	43.08	43.08
Keolis Chateauroux	FR	EA	45.38	45.28	45.38	45.28
Keolis Châtellerault	FR	EA	45.38	45.28	45.38	45.28
Keolis Cherbourg	FR	EA	45.31	45.22	45.31	45.22
Keolis Concarneau	FR	EA	45.38	45.28	45.38	45.28
Keolis Conseil et Projets	FR	EA	45.38	45.28	45.38	45.28
Keolis Deutschland Berlin	GER	EA	45.38	45.28	45.38	45.28
Keolis Deutschland COKG	GER	EA	45.38	45.28	45.38	45.28
Keolis Deutschland Verwaltung	GER	EA	45.38	45.28	45.38	45.28
Keolis Dijon	FR	EA	45.00	44.90	45.08	44.98
Keolis Drouais	FR	EA	45.38	45.28	45.38	45.28
Keolis Emeraude	FR	EA	45.38	45.28	45.38	45.28
Keolis en Cévennes	FR	EA	43.16	43.06	43.16	43.06
Keolis Espagne	SPA	EA	45.38	45.28	45.38	45.28
Keolis Eure	FR	EA	45.38	45.28	45.38	45.28
Keolis Eure et Loire	FR	EA	45.28	45.18	45.28	45.18
Keolis Garonne	FR	EA	45.38	45.28	45.38	45.28
Keolis Gascogne	FR	EA	45.38	45.28	45.38	45.22

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis Gironde	FR	EA	45.28	45.28	45.24	45.14
Keolis Givors	FR	EA	45.38	45.28	45.38	45.28
Keolis Grand Tarbes	FR	EA	45.38	45.28	45.38	45.28
Keolis La Roche sur Yon	FR	EA	45.38	45.28	45.38	45.28
Keolis Languedoc	FR	EA	45.38	45.28	45.38	45.28
Keolis Laval	FR	EA	45.38	45.28	45.38	45.28
Keolis Littoral	FR	EA	45.38	45.28	45.38	45.28
Keolis Lorient	FR	EA	45.35	45.25	45.35	45.25
Keolis Lyon	FR	EA	45.38	45.28	45.38	45.28
Keolis Maritime	FR	EA	44.93	44.83	45.33	45.24
Keolis Marmande	FR	EA	45.38	45.28	45.38	45.28
Keolis Montargis	FR	EA	45.38	45.28	45.38	45.28
Keolis Montélimar	FR	EA	45.38	45.28	45.38	45.28
Keolis Montluçon	FR	EA	45.38	45.28	45.38	45.28
Keolis Morlaix	FR	EA	45.38	45.28	45.38	45.28
Keolis Narbonne	FR	EA	45.38	45.28	45.38	45.28
Keolis Nevers	FR	EA	45.38	45.28	45.38	45.28
Keolis Nordic	FR	EA	45.38	45.28	45.38	45.28
Keolis Oise	FR	EA	45.37	45.28	45.37	45.28
Keolis Pays de Montbéliard	FR	EA	45.38	45.28	45.38	45.28
Keolis Pays Nancéien	FR	EA	45.38	45.28		
Keolis PMR Rhône	FR	EA	45.38	45.28	45.38	45.28
Keolis Provence	FR	EA	45.38	45.28	45.38	45.28
Keolis Pyrénées	FR	EA	43.18	43.09	43.18	43.09
Keolis Quimper	FR	EA	45.38	45.28	45.38	45.28
Keolis Rennes	FR	EA	45.31	45.21	45.31	45.21
Keolis Réseau Départemental Sud-Oise	FR	EA	45.38	45.28		
Keolis Saint Brieuc	FR	EA	45.38	45.28	45.38	45.28
Keolis Saint Malo	FR	EA	45.38	45.28	45.38	45.28
Keolis Saintes	FR	EA	45.38	45.28	45.38	45.28
Keolis Seine et Eure	FR	EA	45.38	45.28	45.38	45.28
Keolis Seine-Maritime	FR	EA	45.38	45.28	45.38	45.28
Keolis Somme	FR	EA	45.38	45.28	45.38	45.28
Keolis Touriscar Ain	FR	EA	45.38	45.28	45.38	45.28
Keolis Tours	FR	EA	45.38	45.28	45.38	45.28
Keolis UK	GB	EA	45.38	45.28	45.38	45.28
Keolis Urbest	FR	EA	45.38	45.28	45.38	45.28
Keolis Val d' Oise	FR	EA	45.38	45.28	45.38	45.28
Keolis Val de Maine	FR	EA	45.38	45.28	45.38	45.28
Keolis Val de Saône	FR	EA	45.38	44.87	45.38	44.87
Keolis Vesoul	FR	EA	45.38	45.28	45.38	45.28
Keolis Vlaanderen	BEL	EA	45.38	45.28	45.38	45.28
Keolis Voyages	FR	EA	45.38	45.28	45.38	45.28

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis Yvelines	FR	EA	45.38	45.28	45.38	45.28
L.I.M. Collard-Lambert	BEL	EA	45.38	32.08	45.38	32.08
Les Cars de Camargue	FR	EA	44.94	44.85	44.94	44.85
Les Cars du Bassin de Thau	FR	EA	45.38	45.28	45.38	45.28
Les Cars Roannais	FR	EA	45.38	45.28	45.38	45.28
Les Cars Tixier	FR	EA	45.38	45.28	45.28	45.28
Les Courriers Catalans	FR	EA	45.38	45.28	45.38	45.28
Les Courriers d' Ile de France	FR	EA	45.38	45.28	45.35	45.26
Les Courriers Du Midi	FR	EA	45.38	45.28	45.38	45.28
Les Courriers Mosellans	FR	EA	45.38	45.28	45.36	45.27
Les Transports Dunois	FR	EA	45.38	45.28	45.28	45.28
Loisirs et Voyages	FR	EA	45.38	45.28	45.38	45.28
Lussiez Tourisme	FR	EA	44.93	43.04	44.93	43.04
Luxbus	CAN	EA	45.38	45.28	45.38	45.28
Millau Cars	FR	EA	45.32	45.22	45.32	45.22
Monnet Tourisme	FR	EA	45.38	45.28	45.38	45.28
Monts Jura Autocars	FR	EA	45.38	45.28	45.38	45.28
N.V. Autob. Bronckaers Hamont	BEL	EA	45.38	45.28	45.38	45.28
N.V. Autobusbedrijf Bronckaers	BEL	EA	45.38	45.28	45.38	45.28
N.V. Autobussen De Reyes	BEL	EA	45.38	45.28	45.38	45.28
N.V. Garagebedrijf Bronckaers	BEL	EA	45.38	45.28	45.38	45.28
NV Aotocars De Boeck	BEL	EA	45.38	32.08	45.38	32.08
NV De Boeck Invest	BEL	EA	45.38	32.08	45.38	32.08
Pacific Car	FR	EA	45.38	45.28	45.17	45.08
Prioris	FR	EA	29.95	29.89	29.95	29.89
Ramoudt Tours	BEL	EA	45.38	45.28		
Reizen de Ra	BEL	EA	45.38	45.28		
Reniers & C°	BEL	EA	22.70	22.65	45.38	45.38
S.A.D.A.R.	FR	EA	45.38	32.08	45.38	32.08
S.N.C.O.A.	FR	EA	45.38	45.28	45.38	45.18
S.N.T. Comett	FR	EA	45.38	45.28	45.38	45.28
S.T.2.L. Westell	FR	EA	45.38	45.28	45.38	45.28
S.T.A.V.S.	FR	EA	45.24	44.91	45.24	44.91
S.T.C. (Cagnes)	FR	EA	45.35	45.25	45.35	45.25
S.T.E.F.I.M.	FR	EA	45.38	45.28	45.38	45.28
SA ABC Cars	FR	EA	45.38	32.08	45.38	32.08
SA Sap Drogoul	FR	EA	45.00	44.90	45.00	44.87
SAP Cariane Provence	FR	EA	45.32	45.22	45.32	45.22
Satracom	BEL	EA	45.38	32.09	45.38	32.09
SCAC	FR	EA	45.37	45.27	45.37	45.27
SCAC Bagnis	FR	EA	23.14	23.09	23.14	23.09
SCE A14	FR	EA	23.13	23.08	23.13	23.08
SEA Albert-Picardie	FR	EA	23.12	23.07	23.12	23.07

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Setver	FR	EA	45.38	45.28	45.38	45.28
SFD	FR	EA	45.38	45.28	45.38	45.28
Sivet Voyages	FR	EA	45.38	45.28	45.38	45.28
Société d'exploitation des Cars Coudert	FR	EA	45.38	45.28		
Sodetrav	FR	EA	43.14	43.05	43.14	43.05
Sofitra	FR	EA	45.38	45.28	45.28	45.28
Somap	FR	EA	45.38	45.28	45.38	45.28
Sophibus	FR	EA	45.38	32.13	45.38	32.13
Sotragaume	BEL	EA	45.38	32.08	45.38	32.08
SPRL Taxis Melkior	BEL	EA	45.38	32.08	45.38	32.08
SPRL Truck Bus Repair	BEL	EA	45.38	32.09	45.38	32.09
SPRL Voyages F. Lenoir	BEL	EA	45.38	32.13	45.38	32.13
SPRL Voyages Frédéric Lenoir	BEL	EA	45.38	32.09	45.38	32.09
STA	FR	EA	45.38	45.28	45.38	45.28
STA Creilloise	FR	EA	45.24	45.15	45.24	44.98
STCAR	FR	EA	45.38	44.90	45.38	44.87
Sté des tpts urbains d'Oyonnax	FR	EA	45.38	45.28	45.38	45.28
Sté Expl. Etab. Lenegre	FR	EA	45.38	45.28	45.38	45.28
Sté Rennaise Tpts et Services	FR	EA	45.38	45.28	45.38	45.28
Ste Tpt com.urbaine d'Arras	FR	EA	45.11	45.01	45.11	45.01
Ste Tpt Région Boulogne	FR	EA	45.38	45.28	45.37	45.27
Sté Tpts Agglom. Chartraine	FR	EA	45.38	45.28	45.38	45.28
Sté Tpts Commun Nimois	FR	EA	45.38	45.28	45.25	45.16
Sté Tpts Robert	FR	EA	45.31	45.21	45.31	45.21
Sté Transports Services Aéroportuaires	FR	EA	45.38	45.28	45.38	45.28
STUV	FR	EA	23.09	23.04	23.09	23.04
SVTU	FR	EA	45.38	45.28	45.36	45.26
T.C.M. Cars	BEL	EA	45.38	32.08	45.38	32.08
T.S.B.	FR	EA	45.38	32.14	45.38	32.14
TDM	FR	EA	45.38	45.28		
Tixier Voyages	FR	EA	45.38	45.28	45.28	45.28
Tourisme garage vermot	FR	EA	45.36	45.26	45.36	45.26
TPN Voyages	FR	EA	45.38	45.28	45.38	45.28
TPR	FR	EA	45.38	45.28	45.38	45.28
Tpt de la Brière	FR	EA	27.14	27.08	27.14	27.08
Tpts Communs Métropole Lilloise	FR	EA	45.38	45.28	45.38	45.28
Tpts évrard	FR	EA	45.38	45.28	45.21	45.11
Tpts Paris-Nice	FR	EA	45.38	45.28	45.38	45.28
Train Bleu Saint-Marcellin	FR	EA	45.38	45.28	45.38	45.28
Trans Val de Lys	FR	EA	45.38	45.28	45.38	45.28
Transetude	FR	EA	45.38	45.28	45.38	45.28
Transholding	FR	EA	45.38	45.28	45.38	45.28
Transorly	FR	EA	45.38	45.28	45.38	45.28

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Transports George's	FR	EA	45.38	45.28	45.38	45.28
Transports Lambin	FR	EA	45.38	32.18	45.38	32.18
Transports Penning	BEL	EA	45.38	32.09	45.38	32.10
Transports Urbains de Reims	FR	EA	44.69	44.60	44.69	44.60
Transroissy	FR	EA	45.38	45.28	45.38	45.28
Transthermal	FR	EA	45.38	45.28	45.38	45.28
Transtub	FR	EA	45.33	45.23	45.33	45.23
Var Tour	FR	EA	45.13	42.81	45.13	42.81
Via Autoroute	FR	EA	45.38	45.28	45.38	45.28
Via Normandie	FR	EA	45.38	45.28	45.38	45.28
Voyages Autocars Services	FR	EA	45.38	45.28	44.78	44.68
Voyages Buchet	FR	EA	45.38	45.28	45.38	45.28
Voyages Chargelègue	FR	EA	45.38	45.28	45.28	45.28
Voyages Dourlens	FR	EA	45.38	45.28	45.38	45.28
Voyages Lambin	FR	EA	45.38	32.21	45.38	32.21
Voyages Monnet	FR	EA	45.38	45.28	45.38	45.28
Voyages Nicolay	FR	EA	45.38	32.11	45.38	32.10
VS Voyages	FR	EA	45.38	45.28	45.38	45.14
VTS Roissy	FR	EA	45.38	45.28	45.38	45.38
West Belgium Coach Company	BEL	EA	45.38	45.28		
Keolis proportionately consolidated subsidiaries						
C.T.C.O.P.	FR	EA	22.69	22.64	22.69	22.64
Extertalbahn	GER	EA	34.04	33.96	34.04	33.96
First / Keolis Holdings Limited	GB	EA	20.42	20.38	20.42	20.38
First / Keolis Transpennine Holding Ltd	GB	EA	20.42	20.38	20.42	20.38
First / Keolis Transpennine Ltd	GB	EA	20.42	20.38	20.42	20.38
Govia	GB	EA	15.88	15.85	15.88	15.85
London&South Eastern Railway - LSER	GB	EA	15.88	15.85	15.88	15.85
New Southern Railway	GB	EA	15.88	15.85	15.88	15.85
Orgebus	FR	EA	22.69	22.52	22.69	22.52
S.T.A. Chauny	FR	EA	22.69	22.64	22.69	22.64
Silvia INC	USA	EA	18.15	18.11	18.15	18.11
Société d'Exploitation de l'Aéroport de Quimper Cornouaille	FR	EA	22.69	22.64		
Southern Railway Ltd	GB	EA	15.88	15.85		
Syntus	NDL	EA	22.69	22.64	22.69	22.64
Thameslink	GB	EA	15.88	15.85	15.88	15.85
Trans Pistes	FR	EA	18.15	18.11	18.15	18.11
Transévry	FR	EA	17.89	17.85	17.89	17.85
West Midlands	GB	EA	15.88	15.85	15.88	15.85

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Keolis equity-accounted subsidiaries						
Netlog	FR	EA	14.98	14.94	14.98	14.94
Passerelle CDG	FR	EA	15.43	15.40		
Scodec	FR	EA	15.88	15.85	15.88	15.85
T.I.C.E.	FR	EA	8.51	8.49	8.51	8.49
Keolis non-consolidated subsidiaries						
Aéroport de Clermont Ferrand Auvergne	FR	NI	0.00	0.00	22.69	22.64
Cariane SA	FR	NI	0.00	0.00	45.38	45.38
Cars Sylvestre	FR	NI	0.00	0.00	45.38	45.28
CFTV	FR	NI	0.00	0.00	45.38	45.38
Cie Tpts De l'Artois	FR	NI	0.00	0.00	45.28	45.28
EOLE	FR	NI	0.00	0.00	45.38	45.38
Keolis Gohelle	FR	NI	0.00	0.00	45.28	45.28
Les courriers normands	FR	NI	0.00	0.00	45.28	45.28
S.E.A.G	FR	NI	0.00	0.00	22.69	22.64
SEACA	FR	NI	0.00	0.00	22.69	22.64
TVB	FR	NI	0.00	0.00	45.38	45.28
SNCF GEODIS						
A.A.T.	FR	FC	100.00	82.08	100.00	82.08
AFA	ITA	PC	50.00	50.00	50.00	50.00
Agrofreight	AUT	EA	25.00	12.27	25.00	12.27
Ain Express	FR	NI	0.00	0.00	100.00	100.00
Aisne Express	FR	FC	100.00	99.93	100.00	99.93
Akidis	FR	FC	100.00	82.08	100.00	82.08
Akiem	FR	FC	100.00	100.00		
Allhand Allgemeine Warenhendelsges. mbH	ALL	FC	100.00	100.00	100.00	100.00
Alpes Maritimes Express	FR	FC	100.00	100.00	100.00	100.00
Arca	FR	FC	100.00	100.00		
Artois Express	FR	FC	49.90	49.90	49.90	49.90
Ateliers d'Orval	FR	PC	49.60	49.10	49.60	49.10
Audas Distribution	FR	NI	0.00	0.00	100.00	100.00
Aveyron Express	FR	FC	100.00	100.00	100.00	100.00
Batrans	FR	FC	100.00	82.08	100.00	82.08
Blazy	FR	FC	100.00	100.00	100.00	100.00
BM Chimie	FR	FC	100.00	100.00	100.00	100.00
BM Luxembourg	LUX	FC	100.00	100.00	100.00	100.00
BM Services	FR	FC	100.00	100.00	100.00	100.00
BM Virolle	FR	EA	35.50	35.50	35.50	35.50
Bouches du Rhône Express	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil (Holding)	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Alimentaire	FR	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Bourgey Montreuil Alsace	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Aquitaine	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Atlantique	FR	FC	99.97	99.97	99.97	99.97
Bourgey Montreuil Automotive Est	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Automotive Ouest	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Auvergne	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Deutschland	GER	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 1	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 2	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Equipement 3	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Francilienne	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Ile de France	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Italia	ITA	FC	99.75	99.75	99.75	99.75
Bourgey Montreuil Limousin	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Lorraine	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Nord	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Normandie	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Picardie	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Presse	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Provence	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Rhône-Alpes	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Savoie	FR	FC	100.00	100.00	100.00	100.00
Bourgey Montreuil Spécialités	FR	FC	100.00	100.00	100.00	100.00
Brixia Zust S.r.l	ITA	NI	30.00	30.00	30.00	30.00
C.A.A.T.	FR	FC	100.00	82.08	100.00	82.08
C.W.S.	FR	EA	33.93	33.93	33.93	33.93
Cadefer	SPA	EA	20.00	20.00	20.00	20.00
Calberson Alsace	FR	FC	100.00	100.00	100.00	100.00
Calberson Ardennes	FR	FC	99.90	99.90	99.90	99.90
Calberson Armorique	FR	FC	100.00	100.00	100.00	100.00
Calberson Aube	FR	FC	100.00	99.76	95.02	95.02
Calberson Autun	FR	FC	100.00	100.00	100.00	100.00
Calberson Auvergne	FR	FC	100.00	100.00	100.00	100.00
Calberson Bretagne	FR	FC	100.00	100.00	100.00	100.00
Calberson Croatia - 4PL	CRO	FC	100.00	100.00		
Calberson Eure et Loir	FR	FC	99.04	99.04	99.04	99.04
Calberson Europe Ile-de-France	FR	FC	100.00	100.00	100.00	100.00
Calberson Europe Nord	FR	FC	100.00	100.00	100.00	100.00
Calberson Europe Rhône-Alpes	FR	FC	100.00	100.00	100.00	100.00
Calberson F.M.	FR	FC	100.00	100.00	100.00	100.00
Calberson GE	FR	FC	100.00	100.00	100.00	100.00
Calberson Grèce	GRE	FC	52.00	52.00	52.00	52.00
Calberson Hainaut	FR	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Calberson Ile de France	FR	FC	100.00	100.00	100.00	100.00
Calberson International	FR	FC	100.00	100.00	100.00	100.00
Calberson Location	FR	FC	100.00	100.00	100.00	100.00
Calberson Loiret	FR	FC	100.00	100.00	100.00	100.00
Calberson Lorraine	FR	FC	100.00	99.98	100.00	99.98
Calberson Méditerranée	FR	FC	100.00	100.00	100.00	100.00
Calberson Moselle	FR	FC	100.00	100.00	100.00	100.00
Calberson Normandie	FR	FC	100.00	100.00	100.00	100.00
Calberson Oise	FR	FC	100.00	100.00	100.00	100.00
Calberson Paris	FR	FC	100.00	100.00	99.99	99.99
Calberson Paris Europe	FR	FC	100.00	100.00	100.00	100.00
Calberson Picardie	FR	FC	100.00	100.00	100.00	100.00
Calberson Rhône Alpes	FR	FC	100.00	100.00	100.00	100.00
Calberson Romania	ROM	FC	100.00	100.00	100.00	100.00
Calberson Romania (devise RON) - 4PL	ROM	FC	100.00	100.00		
Calberson Roussillon	FR	FC	100.00	100.00	100.00	100.00
Calberson SAS	FR	FC	100.00	100.00	100.00	100.00
Calberson Seine et Marne	FR	FC	100.00	100.00	100.00	100.00
Calberson Seine-Saint-Denis	FR	FC	100.00	100.00	100.00	100.00
Calberson Slovakia	SLO	NI	0.00	0.00	100.00	100.00
Calberson Slovensko s.r.o. (Euro)	SLO	FC	100.00	100.00	0.00	0.00
Calberson Sotrab	FR	FC	100.00	100.00		
Calberson Sud-Ouest	FR	FC	100.00	100.00	100.00	100.00
Calberson Yvelines	FR	FC	100.00	100.00	100.00	100.00
Calopération	FR	FC	100.00	100.00	100.00	100.00
Calvados Express	FR	FC	100.00	100.00	100.00	100.00
Car & Commercial	GB	FC	100.00	82.08	100.00	82.08
Car & Commercial deliveries	GB	FC	100.00	82.08	100.00	82.08
Car & Commercial land	GB	FC	100.00	82.08	100.00	82.08
Cargo Docks	ITA	FC	100.00	100.00	100.00	100.00
Cargo Link AB	SWE	FC	93.89	93.89	93.89	93.89
CFD Industrie	FR	FC	100.00	100.00	100.00	100.00
Challenge International Belgium	BEL	FC	99.98	94.99	99.98	94.99
Challenge International Méditerranée	FR	FC	100.00	95.00	100.00	95.00
Challenge International SA	FR	FC	95.00	95.00	95.00	95.00
Challenge Overseas Caraïbes	FR	FC	65.98	62.68	65.98	62.68
Chaveneau Bernis Transport	FR	FC	99.98	72.40	99.92	72.32
Chemfreight GmbH	AUT	PC	24.80	24.55	24.80	24.55
Cical	FR	EA	24.79	18.40	24.00	18.00
Cobatrans	FR	FC	96.00	78.80	96.00	78.80
Cofital	FR	FC	100.00	82.08	100.00	82.08
Cogewip	FR	FC	100.00	80.51	100.00	80.51
Compagnie des Conteneurs Réservoirs	FR	PC	49.60	49.08	49.60	49.08

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Compagnie Européenne de Services	CZ.R	FC	100.00	100.00	100.00	100.00
Compagnie Modalohr Express Holding	FR	FC	50.98	50.98	50.98	50.98
Coquelle Gourdin	FR	FC	98.33	98.32	98.33	98.30
Creneau SA	FR	FC	100.00	100.00	100.00	100.00
CTC	FR	FC	73.07	66.38	73.07	66.35
Dieter Liesenfeld GmbH	GER	FC	100.00	100.00	100.00	100.00
Districhrono	FR	FC	100.00	100.00	100.00	100.00
Drôme Express	FR	FC	100.00	100.00	100.00	100.00
Dusolier 79 Express	FR	FC	100.00	99.94		
Dusolier Calberson	FR	FC	99.94	99.94	99.94	99.94
Ecorail	FR	FC	100.00	100.00	100.00	100.00
Edifret	FR	FC	100.00	100.00	100.00	100.00
Egerland France	FR	FC	51.00	49.90	51.00	49.90
Ermechem	FR	FC	99.96	99.96	66.59	49.62
Ermefret Berlin	GER	PC	49.60	49.10	49.60	49.10
Ermefret Italie	ITA	PC	66.23	65.89	66.23	65.89
Ermewa (Berlin)	GER	PC	49.60	49.10	49.60	49.10
Ermewa (Genève)	SWI	PC	49.60	49.10	49.60	49.10
Ermewa (Paris)	FR	PC	49.60	49.10	49.60	49.10
Ermewa Ferroviaire	FR	PC	49.60	49.10	49.60	49.10
Ermewa France	FR	PC	49.60	49.10	49.60	49.10
Ermewa Iberica	ESP	PC	49.60	49.10	49.60	49.10
Ermewa Intermodal	FR	PC	49.60	49.10	49.60	49.10
Ermewa investissements	FR	PC	49.60	25.05	49.60	49.10
Euromatic Belgium	BEL	FC	100.00	100.00	100.00	100.00
Eurotainer Asie	SGP	PC	49.60	49.10	49.60	49.10
Eurotainer Inc	USA	PC	49.60	49.10	49.60	49.10
Eurotainer SAS	FR	PC	49.60	49.10	49.60	49.10
Eurotainer Shanghai	CHN	PC	49.60	49.10	49.60	49.10
EVS	FR	PC	34.79	36.09	34.79	36.09
Exceed AB	SWE	FC	100.00	100.00	100.00	100.00
Exceed Denmark A/S	DEN	FC	100.00	100.00	100.00	100.00
Exceed Finland Oy	FIN	FC	100.00	100.00	100.00	100.00
Exceed Sweden AB	SUE	FC	100.00	100.00	100.00	100.00
Express Seine et Marne	FR	FC	100.00	100.00	100.00	100.00
Férifos	FR	PC	49.60	49.10	49.60	49.10
Feron de Clebsattel	FR	FC	99.97	99.95	99.97	99.97
Ferrus Immo	FR	FC	100.00	82.08	100.00	82.08
Financière Ermewa	SWI	PC	49.60	49.10	49.60	49.10
Flandre Express	FR	FC	100.00	100.00	100.00	100.00
Fondimare	FR	FC	100.00	95.00	100.00	95.00
Fortec Distribution Network Ltd	GB	FC	100.00	100.00	100.00	100.00
France Location Distribution	FR	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
France Toupie Location	FR	FC	100.00	100.00	100.00	100.00
France Wagons	FR	FC	100.00	100.00	100.00	100.00
Freight Europe Uk	GB	FC	100.00	100.00	100.00	100.00
Freight Management France S.A.S	FR	FC	100.00	100.00	100.00	100.00
Froidcombi	FR	FC	49.00	49.00	49.00	49.00
Gard Express	FR	FC	100.00	100.00	100.00	100.00
Gemafer	FR	FC	100.00	100.00	100.00	100.00
Geodis	FR	FC	100.00	100.00	100.00	100.00
Geodis Afrique	FR	NI	0.00	0.00	100.00	99.99
Geodis America (DEL)	USA	FC	100.00	100.00		
Geodis America Inc	USA	FC	100.00	100.00	100.00	100.00
Geodis Antilles	FR	FC	100.00	100.00	100.00	99.99
Geodis Automotive Nord	FR	FC	100.00	100.00	100.00	100.00
Geodis Belgium NV	BEL	NI	0.00	0.00	100.00	100.00
Geodis BM Rakotrans	CZ.R	FC	52.00	52.00	52.00	52.00
Geodis BM Réseau	FR	FC	100.00	100.00	100.00	100.00
Geodis BM Unitrans	POL	FC	100.00	100.00	100.00	100.00
Geodis Calberson Bosphorus Lojistik AS	TUR	FC	100.00	100.00	51.00	41.86
Geodis Calberson Hungaria 4PL	HUN	FC	100.00	100.00		
Geodis calberson Lipetsk	RUSS	NI	0.00	0.00	100.00	100.00
Geodis Calberson midi Pyrénées	FR	FC	100.00	100.00		
Geodis Calberson Paris Normandie	FR	FC	100.00	100.00		
Geodis Calberson Polska SP zoo 4PL	POL	FC	100.00	100.00		
Geodis Calberson RUS	RUS	FC	100.00	100.00		
Geodis Calberson s.r.o. 4PL	CZ.R	FC	100.00	100.00		
Geodis Calberson Slovensko 4PL	SLO	FC	100.00	100.00		
Geodis Cameroun	CAM	FC	90.18	90.17	90.18	90.17
Geodis Co. Ltd	DE.R KOR	FC	100.00	100.00	100.00	100.00
Geodis Côte D'Ivoire	IV. C	FC	100.00	100.00	100.00	99.99
Geodis Deutschland	GER	FC	100.00	100.00	100.00	100.00
Geodis Division Messagerie Services	FR	FC	100.00	100.00	100.00	100.00
Geodis Freight Forwarding	FR	FC	100.00	100.00	100.00	100.00
Geodis Freight Management	FR	FC	100.00	100.00	100.00	100.00
Geodis Gestion Immobilière	FR	FC	100.00	100.00	100.00	100.00
Geodis Global Lojistik Hizmeller	TUR	FC	100.00	100.00		
Geodis Global Solution Ireland	IRL	FC	100.00	100.00		
Geodis Global Solution Israel	ISR	FC	100.00	100.00		
Geodis Global Solutions Argentina	ARG	FC	100.00	100.00		
Geodis Global Solutions Philippines	PHIL	FC	100.00	100.00		
Geodis Global Solutions Spain	SPA	FC	100.00	100.00		
Geodis Global Solutions Switzerland	SWI	FC	100.00	100.00		
Geodis Global Solutions UK	GB	FC	100.00	100.00		
Geodis Global Solutions Venezuela	VEN	FC	100.00	100.00		

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Holding BV	NDL	FC	100.00	100.00	100.00	100.00
Geodis Holding Italia	ITA	FC	100.00	100.00	100.00	100.00
Geodis Holding Japan	JPN	FC	100.00	100.00		
Geodis Holdings UK Limited	GB	FC	100.00	100.00	100.00	100.00
Geodis Iberia	SPA	FC	100.00	100.00	99.44	99.44
Geodis Ile-de-France Service	FR	FC	100.00	100.00	100.00	100.00
Geodis Immobiliare Italia	ITA	FC	100.00	100.00	100.00	100.00
Geodis International	FR	FC	100.00	100.00	100.00	100.00
Geodis Interservices	FR	FC	100.00	100.00	100.00	100.00
Geodis Ireland Ltd	IRL	FC	100.00	100.00	100.00	100.00
Geodis Logistics	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Belgium NV	BEL	FC	100.00	100.00	100.00	100.00
Geodis Logistics Champagne-Ardennes Est	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Euromatic	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Europarts	FR	FC	100.00	100.00	99.97	99.97
Geodis Logistics Ile-de-France	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Maroc	MOR	FC	99.87	99.87	99.90	99.89
Geodis Logistics Méditerranée	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Nord	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Nord Ouest	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Ouest	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Polska	POL	FC	100.00	100.00	100.00	100.00
Geodis Logistics Rhône-Alpes	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Spain	SPA	FC	100.00	100.00	100.00	99.44
Geodis Logistics Sud	FR	FC	100.00	100.00	100.00	100.00
Geodis Logistics Sud-Ouest	FR	FC	100.00	100.00	100.00	100.00
Geodis Magyarorszag Logisztikai Kft	HUN	FC	100.00	100.00	100.00	100.00
Geodis Networks	FR	FC	100.00	100.00	100.00	100.00
Geodis Networks 4PL	FR	FC	100.00	100.00		
Geodis Nova Logistics	BEL	FC	60.00	60.00		
Geodis Oil and Gaz	FR	FC	100.00	100.00	100.00	99.99
Geodis Overseas (Taïwan) Ltd	TWN	FC	100.00	100.00	100.00	100.00
Geodis Overseas (Thaïland) Ltd	THAI	FC	100.00	100.00	100.00	100.00
Geodis Overseas Hong Kong - 4PL	HK	FC	100.00	100.00		
Geodis Overseas Hong-Kong Ltd	HK	FC	100.00	100.00	100.00	100.00
Geodis Overseas India	INDI	FC	100.00	100.00	100.00	100.00
Geodis Overseas International Forwarding - 4PL	CHN	FC	100.00	100.00		
Geodis Overseas International Freight Forwarding	CHN	FC	100.00	100.00	100.00	100.00
Geodis Overseas Maroc	MOR	FC	100.00	99.99	100.00	99.99
Geodis Overseas Mexico	MEX	NI	0.00	0.00	100.00	100.00
Geodis Overseas Polynésie	POL. FR	FC	100.00	100.00	93.85	93.84
Geodis Overseas PT Indonesia	INDO	FC	100.00	100.00	90.00	90.00
Geodis Overseas Pte Ltd	SGP	FC	100.00	100.00	100.00	100.00

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Overseas Réunion	FR	FC	89.96	89.96	89.95	89.94
Geodis Overseas Transport (Thailand)	THAI	FC	100.00	100.00	100.00	100.00
Geodis Global Solutions Australia	AUS	FC	100.00	100.00		
Geodis Global Solutions Austria	AUT	FC	100.00	100.00		
Geodis Global Solutions Belgium NV	BEL	FC	100.00	100.00		
Geodis Global Solutions Canada	CAN	FC	100.00	100.00		
Geodis Global Solutions Colombia	COL	FC	100.00	100.00		
Geodis Global Solutions Corporate	FR	FC	100.00	100.00	0.00	0.00
Geodis Global Solutions Germany	GER	FC	100.00	100.00		
Geodis Global Solutions Italy	ITA	FC	100.00	100.00		
Geodis Global Solutions Japan	JPN	FC	100.00	100.00		
Geodis Global Solutions Mexico	MEX	FC	100.00	100.00		
Geodis Overseas Tunisie	TUN	PC	50.00	50.00	50.00	50.00
Geodis Overseasindia - 4PL	INDI	FC	100.00	100.00		
Geodis Projets	FR	FC	100.00	100.00	100.00	99.99
Geodis SA	FR	FC	100.00	100.00	100.00	100.00
Geodis Sénégal	SENE	NI	0.00	0.00	100.00	99.99
Geodis solucoesGlobais de Logistica do Brasil	BRA	FC	100.00	100.00		
Geodis Solutions	FR	FC	100.00	100.00	100.00	100.00
Geodis Tanger Méditerranée	MAR	FC	100.00	100.00		
Geodis Tchad	TCH	FC	100.00	100.00	100.00	99.99
Geodis Trate S.r.l	ITA	FC	100.00	100.00	100.00	100.00
Geodis UK Ltd	GB	NI	100.00	100.00	100.00	100.00
Geodis Vitesse Netherlands BV	NDL	NI	0.00	0.00	100.00	100.00
Geodis Wilson Argentina S.A.	ARG	FC	100.00	100.00	100.00	100.00
Geodis Wilson Australia Holdings Pty Ltd	AUS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Bangladesh Ltd	BANG	FC	60.00	60.00	60.00	60.00
Geodis Wilson Belgium N.V.	BEL	FC	100.00	100.00	100.00	100.00
Geodis Wilson Canada Limited	CAN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile - 4PL	CHLI	FC	100.00	100.00		
Geodis Wilson Chile Limitada	CHILI	FC	100.00	100.00	100.00	100.00
Geodis Wilson Chile S.A.	CHILI	FC	99.50	99.50	99.50	99.50
Geodis Wilson Colombia Ltda	COL	FC	100.00	100.00	100.00	100.00
Geodis Wilson Combined Logistics HK Ltd	CHI	FC	100.00	100.00	100.00	100.00
Geodis Wilson Denmark - 4PL	DEN	FC	100.00	100.00		
Geodis Wilson Denmark A/S	DEN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Far East Ltd	CHN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Finland - 4PL	FIN	FC	100.00	100.00		
Geodis Wilson Finland Oy	FIN	FC	100.00	100.00	100.00	100.00
Geodis Wilson France	FR	FC	100.00	100.00	99.99	99.99
Geodis wilson Freight Management - 4PL	MYS	FC	100.00	100.00		
Geodis Wilson Freight Management Holdings AB	SWE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Freight Management SDN BHD	MAL	FC	100.00	100.00	100.00	100.00

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Geodis Wilson Hong Kong Ltd.	CHN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Indonesia - 4PL	INDO	FC	100.00	100.00		
Geodis Wilson Korea - 4PL	KOR	FC	100.00	100.00		
Geodis Wilson Kuwait LLC	KWT	FC	100.00	100.00	0.00	0.00
Geodis Wilson Malaysia SDN BHD	MAL	FC	100.00	100.00	100.00	100.00
Geodis Wilson Mexico S.A. de C.V.	MEX	FC	100.00	100.00	100.00	100.00
Geodis Wilson Netherlands B.V.	NDL	FC	100.00	100.00	100.00	100.00
Geodis Wilson New Zealand - 4PL	N. ZEL	FC	100.00	100.00		
Geodis Wilson Norway - 4PL	NOR	FC	100.00	100.00		
Geodis Wilson Norway AS	NOR	FC	100.00	100.00	100.00	100.00
Geodis Wilson Overseas AB	SWE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Peru - 4PL	PER	FC	100.00	100.00		
Geodis Wilson Peru S.A.	PER	FC	100.00	100.00	100.00	100.00
Geodis Wilson Projects USA. Inc	USA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Pty Ltd Australia	AUS	FC	100.00	100.00	100.00	100.00
Geodis Wilson Qatar LLC	QAT	FC	70.00	70.00	70.00	70.00
Geodis Wilson Rotterdam B.V.	NDL	FC	100.00	100.00	100.00	100.00
Geodis Wilson Shanghai - 4PL	CHN	FC	100.00	100.00		
Geodis Wilson Shanghai Ltd.	CHN	FC	100.00	100.00	100.00	100.00
Geodis Wilson Singapore - 4PL	SGP	FC	100.00	100.00		
Geodis Wilson South Africa - 4PL	SAF	FC	100.00	100.00		
Geodis Wilson Spain	SPA	FC	100.00	100.00	100.00	99.44
Geodis Wilson Sweden - 4PL	SWE	FC	100.00	100.00		
Geodis Wilson Sweden AB	SWE	FC	100.00	100.00	100.00	100.00
Geodis Wilson Tai - 4PL	THAI	FC	100.00	100.00		
Geodis Wilson Taiwan - 4PL	TWN	FC	100.00	100.00		
Geodis Wilson Thailand Ltd.	THAI	FC	100.00	100.00	100.00	100.00
Geodis Wilson UAE L.L.C	UAE	FC	80.00	80.00	80.00	80.00
Geodis Wilson UK Ltd	GB	FC	100.00	100.00	100.00	100.00
Geodis Wilson USA Inc.	USA	FC	100.00	100.00	100.00	100.00
Geodis Wilson Vietnam Ltd	VNM	FC	51.00	51.00		
Geodis Wilson. South Africa (Pty.) Ltd.	SAF	FC	100.00	100.00	100.00	100.00
Geodis Wilson. New Zealand Ltd	N.ZEL	FC	100.00	100.00	100.00	100.00
Geodis Zust Ambrosetti	ITA	FC	100.00	100.00	100.00	100.00
Geodis Züst Ambrosetti S.p.A.	ITA	FC	100.00	100.00	100.00	100.00
Geodisglob. Solucoes Globais de Logistica	PORT	FC	100.00	100.00		
GeodisGlobal Solutions Netherlands BV	PB	FC	100.00	100.00		
Geoparts	FR	FC	100.00	100.00	0.00	0.00
Geosiap Cameroun	CAM	FC	100.00	100.00	100.00	99.99
GIE BM Combi	FR	FC	100.00	99.95	100.00	99.95
GIE France Express	FR	FC	76.29	74.50	73.20	71.35
GIE Prisme	FR	FC	100.00	100.00		
Giraud CEE	FR	FC	100.00	100.00		

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Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Giraud Finland Oy	FIN	FC	100.00	100.00		
Giraud Hungary ZRT	HUN	FC	100.00	100.00		
Giraud Intern.Speditionsgesellschft GMBH	GER	FC	100.00	100.00		
Giraud International Pologne SP Zoo	POL	FC	100.00	100.00		
Giraud International Slovensko Sro	SVK	FC	100.00	100.00		
Giraud Lorraine	FRA	FC	100.00	100.00		
Giraud Luxembourg	LUX	FC	100.00	100.00		
Giraud SRL	ROM	FC	100.00	100.00		
Gironde Express	FR	FC	100.00	100.00	100.00	100.00
Grimaldi ACL France	FR	PC	40.00	39.99	40.00	39.99
Groupe Ermewa	SWI	PC	49.60	49.10	49.60	49.10
GTL Srl	ITA	FC	100.00	100.00		
GW Freight Management Brazil	BRA	FC	100.00	100.00	100.00	100.00
H F	FR	PC	50.00	49.98	50.00	49.98
Haute-Provence Express	FR	FC	100.00	100.00	100.00	100.00
Helf	GER	FC	94.95	78.76	94.95	78.76
Helu Trans Malaysia	MAL	FC	100.00	100.00	100.00	100.00
Hérault Express	FR	FC	100.00	100.00	100.00	100.00
Holding Sidérurgie	FR	FC	100.00	100.00		
Immobilière Geodis I	FR	FC	100.00	100.00	100.00	100.00
Immobilière Geodis II Logistics	FR	FC	100.00	100.00	100.00	100.00
Instit. de Form. Eur. Multimodal	FR	FC	100.00	100.00	100.00	100.00
ITL Benelux	NDL	FC	100.00	100.00	70.00	52.50
ITL Cargo Gmbh	GER	FC	75.00	75.00	100.00	75.00
ITL Eisenbahngesellschaft mbH	GER	FC	75.00	75.00	75.00	75.00
ITL Polska	POL	FC	60.00	60.00	80.00	60.00
ITL Prag	CZ.R	FC	75.00	75.00	100.00	75.00
Joud Libya	LBY	FC	51.00	51.00	51.00	51.00
Le Bois Chaland	FR	FC	100.00	100.00	100.00	100.00
Les Rouleurs du Cambresis	FR	FC	100.00	100.00	100.00	100.00
Lexser France	FR	FC	100.00	100.00		
Lexser Luxembourg	LUX	FC	100.00	100.00		
Lexsis	LUX	FC	100.00	100.00		
Locorem	BEL	NI	0.00	0.00	100.00	100.00
Logifer	FR	EA	50.00	50.00	50.00	50.00
Logistica	FR	PC	50.00	50.00	50.00	50.00
Logistra	FR	FC	100.00	100.00	100.00	100.00
Lot et Garonne Express	FR	FC	100.00	100.00		
LSI	FR	NI	0.00	0.00	100.00	100.00
Mancelle d'Emballage Industriel	FR	NI	0.00	0.00	99.60	99.60
Messagerie Parisienne du Livre	FR	FC	100.00	100.00	100.00	100.00
MG Transports	FR	FC	100.00	100.00	99.90	99.90
MGL	FR	FC	99.91	99.91	99.91	99.91

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
MG Transports	FR	FC	100.00	100.00	99.90	99.90
MGL	FR	FC	99.91	99.91	99.91	99.91
Mostva	POL	EA	50.00	41.04	50.00	40.98
Naviland Cargo	FR	FC	99.96	99.96	99.96	99.96
Norferrus	FR	FC	100.00	82.08	100.00	82.08
Normanche	FR	FC	100.00	82.08	100.00	82.08
Novatrans	FR	FC	96.39	96.39	39.91	39.89
Noyon	FR	EA	35.59	35.59	35.59	35.59
O&H (shipping) Limited	GB	NI	0.00	0.00	100.00	100.00
ONH Limited	GBP	FC	100.00	100.00	100.00	100.00
OOO Geodis Wilson Russia	RUSS	NI	0.00	0.00	100.00	100.00
OOO Geodis Wilson Russia	RUSS	FC	100.00	100.00	0.00	0.00
Ortrans	FR	FC	100.00	82.08	100.00	82.08
Oughtred Harrison (shipping) Limited	GB	FC	100.00	100.00	100.00	100.00
P.L.C.	FR	FC	100.00	100.00	100.00	100.00
Pan European Transport UK	GB	FC	100.00	100.00	100.00	100.00
Paris 8	FR	FC	100.00	100.00	100.00	100.00
Pelsolutions S.A.	CHILI	FC	100.00	100.00	100.00	100.00
Pgesco	SWI	PC	49.60	49.10	49.60	49.10
Polar Air & SeaCargo Oy	FIN	FC	100.00	100.00	100.00	100.00
Provence Express	FR	FC	100.00	100.00	100.00	100.00
Quercy Express	FR	FC	100.00	100.00	100.00	100.00
Rail Euro Concept	GER	EA	50.00	50.00	50.00	50.00
Rhône Dauphiné Express	FR	FC	100.00	100.00	100.00	100.00
Rhône Ferrus	FR	FC	100.00	82.08	100.00	82.08
Rohde & Liesenfeld Canada Inc.	CAN	EA	50.00	50.00	50.00	50.00
Rohde & Liesenfeld Forwarding Logistics (L.L.C.), UAE	ARE	FC	49.00	49.00	49.00	49.00
Rohde & Liesenfeld Inc. USA	USA	NI	0.00	0.00	100.00	100.00
Rohde & Liesenfeld International GmbH & Co. KG	GB	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Project GMBH (India)	INDI	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects (China) Ltd.	CHN	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Projects GmbH	GER	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld Pte Ltd. Singapore	SGP	NI	0.00	0.00	100.00	100.00
Rohde & Liesenfeld Pty. Ltd. Australia	AUS	FC	100.00	100.00	100.00	100.00
Rohde & Liesenfeld S.A. Argentina	ARG	NI	0.00	0.00	100.00	100.00
Rohde & Liesenfeld Verwaltungsges. mbH	GER	FC	100.00	100.00	100.00	100.00
Rohde & Liesenteld Ltd. New Zealand	NZL	FC	100.00	100.00	100.00	100.00
Rouch Intermodal	FR	FC	100.00	100.00	100.00	98.99
S.G.W.	FR	FC	99.96	99.96	99.96	99.96
S.M.T.R. Calberson	FR	FC	100.00	100.00	100.00	100.00
S.N.T.C.	FR	FC	100.00	82.08	100.00	82.08
SARI	FR	FC	65.68	54.87	65.68	54.87
SCI BM Chelles	FR	FC	100.00	100.00	100.00	100.00

37 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
SCI BM Le Fontanil	FR	FC	100.00	100.00	100.00	100.00
SCI BM Mery	FR	FC	100.00	100.00	100.00	100.00
SCI BM Salaise	FR	FC	100.00	100.00	100.00	100.00
SCI Borny	FR	FC	100.00	100.00	100.00	100.00
SCI CEL	FR	FC	100.00	100.00	100.00	100.00
SCI Ceretif	FR	FC	98.00	65.06	98.00	65.02
SCI Charval	FR	FC	100.00	100.00	100.00	100.00
SCI Danjoutin	FR	FC	100.00	100.00	100.00	100.00
SCI de la Brèche	FR	FC	100.00	100.00	100.00	100.00
SCI de la Poudriere	FR	FC	100.00	100.00	100.00	100.00
SCI de Vaux	FR	FC	100.00	100.00	100.00	100.00
SCI du Rouvray	FR	FC	100.00	100.00	100.00	100.00
SCI Etupes	FR	FC	100.00	100.00	100.00	100.00
SCI FGH	FR	FC	75.00	62.97	75.00	62.98
SCI Horizons	FR	FC	100.00	100.00	100.00	100.00
SCI Immolog	FR	FC	100.00	100.00	100.00	100.00
SCI JCC	FR	FC	100.00	100.00	100.00	100.00
SCI Le Polygone	FR	FC	100.00	100.00	100.00	100.00
SCI Le Revard	FR	FC	66.70	66.70	66.70	66.70
SCI Ouest	FR	FC	100.00	100.00	100.00	100.00
SCI Région Alsace	FR	FC	100.00	100.00	100.00	100.00
SCI Région Bretagne	FR	FC	100.00	100.00	100.00	100.00
SCI Région Champagne-Ardennes	FR	FC	100.00	100.00	100.00	100.00
SCI Région Ile-de-France	FR	FC	100.00	100.00	100.00	100.00
SCI Région Normandie	FR	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Est	FR	FC	100.00	100.00	100.00	100.00
SCI Région Sud-Ouest	FR	FC	100.00	100.00	100.00	100.00
SCI Royneau Le Coudray	FR	FC	100.00	99.05	100.00	99.05
SCI SVIG	FR	FC	99.97	99.97	99.97	99.97
SCI Voujeaucourt	FR	FC	100.00	100.00	100.00	100.00
SD Calberson	FR	FC	99.98	99.98	99.97	99.97
Sealogis	FR	FC	100.00	100.00	100.00	100.00
Séfergie	FR	FC	100.00	100.00	100.00	99.00
SEGI	FR	FC	99.75	99.75	98.32	98.99
Seine Express	FR	FC	100.00	100.00	100.00	100.00
Sénart Affrètement	FR	FC	65.00	65.00	65.00	65.00
SEP Transpul	FR	PC	49.60	20.38	49.60	20.38
SEP Union Wagons	FR	NI	0.00	0.00	49.60	20.38
Setcargo	FR	FC	100.00	100.00	100.00	100.00
Setrada	FR	FC	100.00	82.08	100.00	82.08
Setram	SPA	EA	25.00	20.52	25.00	20.52
SFC	FR	FC	99.98	99.93	99.98	99.95
Shanghaï E&T Calberson Overseas	CHN	FC	100.00	100.00	89.87	89.87

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Sibelit	LUX	EA	42.50	42.50	42.50	42.50
Sideuropa	ITA	EA	50.00	50.00	50.00	50.00
Sincrolog Srl	ITA	FC	100.00	100.00		
SLV	FR	FC	100.00	100.00	100.00	100.00
SNC Bercy	FR	FC	51.00	51.00	51.00	51.00
SNCF Fret Benelux	BEL	FC	100.00	100.00	100.00	100.00
SNCF Fret Deutschland Gmbh	GER	FC	100.00	100.00	100.00	100.00
SNCF Fret Italia srl	ITA	FC	100.00	100.00	100.00	100.00
SNTN Calberson	FR	FC	100.00	100.00	100.00	100.00
Sogewag	FR	FC	100.00	78.36	100.00	78.36
Somap	FR	FC	81.75	81.71	81.75	81.72
Somedat	FR	FC	100.00	82.08	100.00	82.08
Soptrans	FR	FC	100.00	82.08	100.00	82.08
Sopyrim	FR	FC	100.00	82.08	100.00	82.08
Sotraf	FR	FC	100.00	82.08	100.00	82.08
Speditionsservice Oy	FIN	FC	100.00	100.00	100.00	100.00
Sté de Gestion du Terminal d'Aiton	FR	FC	65.00	33.14	65.00	33.14
Sté Propriétaire Wagons Modalohr	FR	FC	100.00	50.98	100.00	50.98
Stesimaf	FR	FC	80.00	86.78	80.00	86.78
STSI	FR	FC	99.46	99.46	99.46	99.46
STVA SA	FR	FC	82.23	82.08	82.23	82.08
STVA UK	GB	FC	100.00	82.08	100.00	82.08
TCL Cameroun	CAM	FC	100.00	100.00	100.00	99.99
TCL Houston	USA	FC	88.63	88.62	88.63	88.62
TCL Tchad	TCH	FC	100.00	100.00	100.00	99.99
Tethys	FR	FC	100.00	82.08	100.00	82.08
TGP	FR	FC	100.00	100.00		
Thales Geodis Freight & Logistics	FR	PC	50.00	50.00	50.00	50.00
TMF	FR	PC	37.20	36.82	37.20	36.82
TMF Cita Belgium	BEL	PC	49.60	36.79	49.60	36.79
TMF Cita Deutschland	GER	PC	44.64	36.79	44.64	33.11
TMF Cita Nederland	NDL	PC	49.60	36.82	49.60	36.82
Transengrais	FR	FC	100.00	100.00	100.00	100.00
Transfesa	SPA	EA	20.20	16.58	20.20	16.58
Transinformatique	FR	FC	99.84	66.28	99.84	66.24
Transport & Logistique Services	FR	FC	100.00	100.00		
Transport Ferroviaire Holding	FR	FC	100.00	100.00		
Transport Ferroviaire Services	FR	FC	100.00	100.00		
Transport Logistique Partenaires	FR	FC	100.00	100.00	100.00	100.00
Transports Bernis	FR	FC	67.69	67.69	67.66	67.66
Transports J. Savin	FR	FC	100.00	100.00	100.00	100.00
Transportvoiture	BEL	FC	99.95	82.04	99.95	82.04
Transucre	FR	PC	69.76	69.46	69.76	69.46

37 Scope of consolidation

Company	Country	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1
Uniroute	FR	FC	100.00	82.08	100.00	82.08
Val Express	FR	FC	100.00	100.00	100.00	100.00
Val Ferrus	FR	FC	80.00	65.66	80.00	65.66
Valenda	FR	FC	100.00	100.00	100.00	100.00
Valtrans	FR	FC	80.00	65.66	80.00	65.66
Van der Laan Transport	NDL	FC	100.00	100.00	100.00	100.00
Var Express	FR	FC	100.00	100.00	100.00	100.00
Vellave de Transport	FR	NI	0.00	0.00	100.00	100.00
VFLI	FR	FC	100.00	100.00	100.00	100.00
VFLI Cargo	FR	FC	100.00	100.00	100.00	100.00
VFLI Romania	ROM	FC	100.00	100.00	100.00	100.00
VFM (taken over by VFLI SA)	FR	NI	0.00	0.00	100.00	100.00
Vilogistique	FR	FC	100.00	82.08	100.00	82.08
Vitesse Logistics BV	NDL	FC	100.00	100.00	100.00	100.00
Vitesse Pharmaceuticals Distribution BV	NDL	FC	100.00	100.00	100.00	100.00
Walbaum	FR	FC	99.76	99.76	99.76	99.76
Waren Shipping	FR	FC	100.00	100.00	100.00	99.99
Werner Egerland	GER	EA	20.00	16.42	20.00	16.42
Wilson Denmark Holding A/S STP	DEN	FC	100.00	100.00	100.00	100.00
XP LOG	FR	FC	99.97	94.97	99.97	94.97
Veolia						
Veolia Bayerische CargoBahn	GER		100.00	100.00		
Veolia Cargo Deutschland	GER		100.00	100.00		
Veolia Cargo Italie	ITA		100.00	100.00		
Veolia Cargo Pays-Bas	NDL		100.00	100.00		
Veolia Cargo SAS	FR		100.00	100.00		
Veolia Dortmunder Eisenbahn	GER		65.00	65.00		
Veolia Farge-Vegesacker Eisenbahn	GER		98.00	98.00		
Veolia Hörseltalbahn	GER		100.00	100.00		
Veolia Industriebahn-gesellschaft Berlin	GER		50.21	50.21		
Veolia Niederbarnimer Eisenbahn Aktiengesellschaft	GER		66.92	33.60		
Veolia Rail4Chem Eisenbahnverkehrgesellschaft	GER		100.00	100.00		
Veolia Rail4Chem Transalpin AG	SWI		100.00	100.00		
Veolia Regiobahn Bitterfeld Berlin	GER		100.00	100.00		
Veolia Teutoburger Wald Eisenbahn Aktiengesellschaft	GER		88.02	88.02		
Veolia TWE Bahnbetriebs	GER		100.00	88.02		

Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2009

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' includes information specifically required by French law in such audit reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Dear Sirs,

In compliance with the assignment entrusted to us by the French Minister for the Economy, Industry and Employment on 21 April 2008 we hereby report to you for the year ended 31 December 2009 on:

– the audit of the accompanying consolidated financial statements of SNCF;

– the justification of our assessments;

– the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France except as regards the matter described in the following paragraph. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques and other methods of selection to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As described in notes 2.2 and 28.2 to the consolidated financial statements, a new organisation is currently being defined for rail freight transport following SNCF's analysis of a new master development plan which began in 2009. Accordingly, the activity of Fret SNCF has been broken down into five entities (cash-generating units), and the methods used to assess production resources were reviewed at the year-end closing.

To date, given the progress of the project, and the current documentation on business and profitability forecasts, the values in use adopted have been determined based on elements and assumptions that do not meet the conditions required by IFRS.

In addition, the European market for the sale and leasing of locomotives is restricted and transactions are thus limited.

Consequently, the values adopted may not be representative of market values. Accordingly, we are unable to express an opinion as to the recoverable amount of SNCF's production resources, whose carrying amount after amortisation stood at €1.7 billion before an impairment of €1 billion. This matter had already been the subject of a qualification in prior years.

Subject to this qualification, in our opinion the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2009 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without calling into question the opinion expressed above, we draw your attention to note 1.2.2 to the consolidated financial statements relating to the new standards whose application is mandatory, in particular, IFRIC 13 *Customer Loyalty Programmes*, and note 1.4 which sets out the changes in presentation and the modifications made by SNCF to the 2008 financial statements.

II - JUSTIFICATION OF OUR ASSESSMENTS

As stated in note 1.3 to the consolidated financial statements, the accounting estimates made during the preparation of the consolidated financial statements for the year ended 31 December 2009 were performed within the current context of uncertainty regarding the economic outlook. It is in this context that, in accordance with the provisions of article L. 823-9 of the French commercial code (*Code de commerce*), we made our own assessments, which we bring to your attention, in addition to the qualification set out above.

— SNCF carried out impairment tests on its assets, as described in notes 4.8. 8.2 and 28 to the consolidated financial statements.

– Due to losses incurred by the infrastructure business and the indications of impairment loss identified for SNCF Voyages, SNCF carried out impairment tests on the related assets. We reviewed the methods used by SNCF in performing the tests, the cash flow forecasts and the assumptions used and we verified that notes 4.8. 8 and 28 provide appropriate disclosures;

– Goodwill amounting to €886 million was tested for impairment in accordance with the principles described in note 4.8 to the consolidated financial statements. Our work involved reviewing the methods used to implement these tests, based on the discounted future cash flows of the businesses in question; assessing the consistency of the assumptions used with the forecast figures included in the business plans as revised at the end 2009; and verifying that notes 4.8. 8.1 and 28 provide appropriate disclosures.

— As stated in notes 4.18 and 31, the Group recognises deferred tax assets in the balance sheet on the basis of forecasts of future taxable profits. We reviewed the methods used for recognising deferred tax assets as well as the profitability forecasts and underlying assumptions. Our work in relation to these figures and assumptions enabled us to assess the appropriateness of the estimates made.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law and in accordance with professional practice standards applicable in France, we have also verified the information presented in the Group's management report.

Except for the possible impact of the matter set out in the first section of this report, we have no other matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 24 March 2010

The Statutory Auditors

PRICEWATERHOUSE COOPERS AUDIT
Éric BERTIER

MAZARS
Marie-Laure PHILIPPART
Lionel GOTLIB

Company financial statements (excerpts)

In € millions

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Balance sheet as at 31 December 2009

Assets (in € millions)	Note	31/12/2009	31/12/2008
Intangible assets	4	342	327
Property, plant and equipment	4	17,387	17,590
RFF receivable	5	1,926	2,364
CDP receivable	5	4,825	5,972
Other long-term investments	6	11,273	7,936
Total non-current assets		**35,754**	**34,189**
Inventory and work-in-progress	7	768	720
Operating receivables	8	7,756	9,132
Employee-related benefits service account - assets		-	88
Marketable securities	9	4,314	3,565
Cash and cash equivalents		61	74
Total current assets		**12,899**	**13,580**
Prepayments and deferred charges	10	287	315
Bond redemption premiums		21	14
Unrealised foreign exchange losses	11	1,017	1,169
Total assets		**49,979**	**49,268**

Liabilities and equity (in € millions)	Note	31/12/2009	31/12/2008
Share capital	12	4,971	4,971
Revaluation reserve	12	70	70
Retained earnings	12	2,271	1,785
Net profit for the year	12	-382	633
Net equity		**6,929**	**7,459**
Investment subsidies	12	6,522	6,072
Regulated provisions	12	-	0
Total equity		**13,452**	**13,531**
Provisions for contingencies and losses	13	3,449	2,686
Loans and borrowings	14	19,739	18,800
Tax and employee-related liabilities	16	2,375	1,784
Other operating liabilities	16	7,440	8,458
Employee-related benefits service account - liabilities		-	255
Accruals and deferred income	17	2,542	2,615
Unrealised foreign exchange gains		982	1,139
Total equity and liabilities		**49,979**	**49,268**

Income statement

in € millions	Note	31/12/2009	31/12/2008
Revenue	**18**	**18,525**	**18,519**
Capitalised production and production for stock		1,312	1,270
Purchases and external charges	19	-9,231	-8,673
Added value		**10,606**	**11,116**
Other operating income	20	162	198
Taxes and duties other than income tax		-804	-739
Employee benefits expense	21	-8,667	-8,591
Gross operating profit		**1,297**	**1,984**
Reversals of impairment and operating provisions	22	330	420
Depreciation, amortisation, impairment and operating provisions	22	-1,620	-1,447
Other management expenses		-10	-139
Net operating profit/(loss)		**-3**	**818**
Interest income	23	1,575	1,972
Interest expense	23	-1,814	-2,107
Finance costs		**-239**	**-135**
Net profit/(loss) from ordinary activities		**-243**	**683**
Exceptional income	24	-1,754	1,319
Exceptional expense	24	-1,969	-1,429
Net exceptional expense		**-216**	**-110**
Income tax	25	76	60
Net profit/(loss) for the year		**-382**	**633**

Statement of cash flows

in € millions	31/12/2009	31/12/2008
Net income/(loss)	**-382**	**633**
Adjustments for non-cash and items not related to operating activities		
Net depreciation, amortisation and provisions [a]	2,167	1,489
Gains (losses) on disposal of assets	-545	-203
Cash from operations [b]	**1,241**	**1,918**
Change in working capital requirements	-86	-102
(A) Net cash from operating activities	**1,155**	**1,816**
Purchases of intangible assets and property, plant and equipment	-2,962	-3,104
Change in investment capital requirements [c]	-494	-3
Change in loans and receivables [d]	626	-
Other long-term investment purchases [e] [f]	-1,054	-322
Sub-total (1)	**-3,885**	**-3,429**
Proceeds on disposals of intangible assets and property, plant and equipment [e] [g]	1,216	404
Equity sales		4
Other long-term investment sales		30
Sub-total (2)	**1,216**	**438**
(B) Net cash used in investing activities (1) + (2)	**-2,668**	**-2,991**
Dividends paid to the French State	-183	-131
SAAD balancing payments	-	-681
New loans secured	2,823	1,272
Loan repayments, net [h]	-1,465	908
Investment subsidies received	822	1115
Change in marketable securities [i]	192	-164
Change in other investments	-154	-798
Change in cash borrowings [i]	185	173
Other changes	17	17
(C) Net cash from financing activities	**2,236**	**1,712**
Increase in cash and cash equivalents (A+B+C)	**722**	**538**

(a) As of 2009, current asset provisions (€30 million) are included in Net depreciation, amortisation and provisions (in 2008, they had been included in Change in working capital requirements).
(b) Cash from operations amounted to €1,241 million. Adjusted for the corporate income tax (+€60 million) not included in 2009, Cash from operations as at 31 December 2008 amounted to €1,918 million.
(c) Change in suppliers of fixed assets.
(d) In 2008, the item was classified in Other long-term investment purchases, of which the pension and provident fund for €1,472 million.
(e) Excluding partial business transfers to La Foncière and ICF (for €236 million).
(f) Acquisition of SNCF P securities for €1,054 (share capital increase).
(g) Of which sale of Paris Batignolles sites for €370 million.
(h) Of which gross loan repayments for -€3,082 million and receipts on RFF and CDP receivables for €448 million and €1,169 million, respectively.
(i) Portion with an initial maturity of more than 3 months.

Statement of cash flows

in € millions	31/12/2009	31/12/2008
Opening cash and cash equivalents	2,539	- 110
Closing cash and cash equivalents - cash flow statement	3,261	428
Cash borrowings maturing in less than 3 months	307	2,182
Marketable securities maturing in more than 3 months	805	1,022
Accrued interest payable maturing in 3 months or less	2	7
Balance sheet cash (Cash and cash equivalents and marketable securities)	**4,375**	**3,639**

Report on SNCF Group corporate governance and internal control

Chairman's report on the terms and conditions governing the preparation and organisation of the Board of Directors' work and the internal control and risk management procedures.

The report on the terms and conditions governing the preparation and organisation of the Board of Directors' work and the internal control and risk management procedures was presented to the Board of Directors on 24 March 2010. It describes the progress made in setting up a quality internal control function, to which SNCF has long been committed, not only in terms of financial reporting reliability but also in regard to all operating activity.

The report is based on the work of the AMF (French Securities Regulator) designated working group responsible for the selection and adaptation of an internal control framework.

The main improvements to the SNCF internal control function for 2009 concern the following:

– the commitment approval and monitoring system has been operational for a full year; a report will be prepared in 2010 following an audit;

– the Audit and Risk Department has extended the new risk management approach, so that the divisions, units and transversal functions may themselves identify, evaluate and process their material risks, and ensure that any such risk-related developments are communicated on a permanent basis;

– with the transformation of Group internal control now initiated, the divisions and units will be made accountable for their internal control; the process will be steered by the Audit and Risk Department, in liaison with the Group Finance Department;

– the Audit and Risk Department has introduced an interactive tool, "Pacts," in order to facilitate exchanges with audited entities and ensure that the Group is constantly informed regarding the progress of post-audit action plans;

– ARV (passenger receipts) has conducted internal control assessments regarding certain processes and entities for the Equipment unit and the Geodis subsidiary;

– information system security has been integrated within a risk management approach under the supervision of the Audit and Risk Department with:
a) IS security risk mapping,
b) the launch of the ZEN plan to integrate security in IT projects,
c) training and awareness programme for the protection of information (Attitude 3d);

– the Copernic project has enhanced the reliability of accounting and financial information through more effective management of the accounting data bases used, the definition by each activity of its management model using a common typology, and the clarification of internal billing system processes.

This report is available on simple request from the SNCF Audit and Risk department
34 rue du commandant René Mouchotte
75014 Paris

sncf.com

Design and printing: Lowe Editorial

U.S. Dollar Converted Financial Statements Summary (SNCF)

Agreed-Upon Procedure Relating to the Consolidated Statements of Financial Position and Income Statements of Societe Nationale des Chemins de fer Francais

December 31, 2011, 2010 and 2009

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McLean, Koehler, Sparks & Hammond
Certified Public Accountants Business Consultants

Independent Accountant's Report on Applying Agreed-Upon Procedure

Keolis America, Inc.
Rockville, Maryland

We have performed the procedure below, which was agreed to by Keolis America, Inc. solely to assist you with respect to converting the consolidated statements of financial position and consolidated income statements of Societe Nationale des Chemins de fer Francais (SNCF), as of December 31, 2009, 2010 and 2011, and for the years then ended, from Euros to U.S. Dollars, in order for you to submit these converted statements to Massachusetts Bay Transportation Authority to comply with the requirements of the Request for Qualifications for Commuter Rail Procurement. The statements as provided to us are not presented in accordance with U.S. generally accepted accounting principles ("GAAP") and we will not present them in accordance with GAAP. Keolis America, Inc.'s management provided us with these financial statements for this procedure. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

Our procedure and finding are detailed on the attached page two.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Keolis America, Inc. and Massachusetts Bay Transportation Authority and is not intended to be and should not be used by anyone other than those specified parties.

McLean, Koehler, Sparks & Hammond

July 20, 2012
Frederick, Maryland

70 Thomas Johnson Drive, Suite 100
Frederick, Maryland 21702-4317, USA
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Agreed Upon Procedure

We will show a presentation of the consolidated statements of financial position and consolidated income statements in U.S. Dollars as of December 31, 2009, 2010 and 2011, and for the years then ended, which converts Euros to U.S. Dollars for Societe Nationale des Chemins de fer Francais (SNCF). The presentation of the financial statements will be in the format they were received. There will be no note disclosures included as part of this presentation.

Finding

We were provided with the SNCF consolidated statements of financial position and consolidated income statements in Euros, as of December 31, 2009, 2010 and 2011, and for the years then ended. The financial statements were provided by Keolis America, Inc. as agreed upon. We converted the balance sheets and income statements received from Euros to U.S Dollars for each of the periods. A spot currency rate for conversion of the balance sheet amounts and an annual average currency rate for the conversion of the income statement amounts were used for this procedure. In addition, the converted amount of share capital presented in the initial year (2009 for this procedure) remained the same amount for the subsequent two years presented, as the actual share capital in Euros remained unchanged. Differences due to currency conversion are presented as "cumulative translation adjustment" on the consolidated statements of financial position.

During this procedure we noted that the financial statements provided to us did not foot properly due to rounding. We did not correct this in the amounts used in the conversion.

We did not perform any procedures to gain assurance about the accuracy of the financial statements. We did not complete any procedures to determine if these statements are in accordance with generally accepted accounting principles in the Unites States.

Societe Nationale des Chemins de fer Francais
Consolidated Statement of Financial Position
December 31, 2011

	SNCF Audited Financial Statement 12/31/2011 Euro	SNCF Estimated Converted 12/31/2011 U.S. $
CONSOLIDATED ASSETS		
In millions		
Goodwill	€ 1,672	$ 2,165
Intangible assets	1,416	1,834
Property, plant and equipment	16,658	21,570
Non-current financial assets	6,265	8,113
Investment in associates	498	645
Gross profit	1,112	1,440
Non-current assets	**27,621**	**35,767**
Inventories and work-in-progress	907	1,174
Operating receivables	6,837	8,853
Operating assets	**7,744**	**10,027**
Current financial assets	2,793	3,617
Cash and cash equivalents	3,903	5,054
Current assets	**14,440**	**18,698**
Assets classified as held for sale	1	1
TOTAL ASSETS	**42,062**	**54,466**
CONSOLIDATED EQUITIES AND LIABILITIES		
In millions		
Share capital	4,971	7,126
Consolidated reserves	1,893	2,451
Net profit/(loss) for the year	125	174
Cummulative translation adjustment	-	(700)
Equity attributable to equity holders of the parent	**6,989**	**9,051**
Non-controlling interests (minority interests)	69	89
Total equity	**7,058**	**9,140**
Non-current employee benefits	1,695	2,195
Non-current provisions	867	1,123
Non-current financial liabilities	15,520	20,096
Deferred tax liabilities	438	567
Non-current liabilities	**18,520**	**23,981**
Current employee benefits	136	176
Current provisions	215	278
Operating payables	10,711	13,870
Operating liabilities	**11,062**	**14,324**
Current financial liabilites	5,418	7,016
Current liabilities	**16,480**	**21,340**
Liabilities associated with assets classified as held for sale	4	5
TOTAL EQUITY AND LIABILITIES	**€ 42,062**	**$ 54,466**

Societe Nationale des Chemins de fer Francais
Consolidated Statement of Financial Position
December 31, 2010

		SNCF Audited Financial Statement 12/31/2010 Euro		SNCF Estimated Converted 12/31/2010 U.S. $
CONSOLIDATED ASSETS				
In millions				
Goodwill	€	1,607	$	2,130
Intangible assets		1,430		1,895
Property, plant and equipment		16,975		22,495
Non-current financial assets		7,049		9,341
Investment in associates		373		494
Gross profit		1,094		1,450
Non-current assets		**28,528**		**37,805**
Inventories and work in progress		905		1,199
Operating receivables		6,517		8,636
Operating assets		**7,422**		**9,835**
Current financial assets		2,392		3,170
Cash and cash equivalents		4,708		6,239
Current assets		**14,522**		**19,244**
Assets classified as held for sale		337		447
TOTAL ASSETS		**43,387**		**57,496**
CONSOLIDATED LIABILITIES AND EQUITY				
In millions				
Share capital		4,971		7,126
Consolidated reserves		1,237		1,639
Net profit for the year		697		926
Cummulative translation adjustment		-		(541)
Equity attributable to equity holders of the parent		**6,905**		**9,150**
Minority interests		80		106
Total equity		**6,985**		**9,256**
Non-current employee benefits		1,752		2,322
Non-current provisions		950		1,259
Non-current financial liabilities		16,387		21,716
Deferred tax liabilities		469		621
Non-current liabilities		**19,558**		**25,918**
Current employee benefits		83		110
Current provisions		209		276
Operating payables		10,197		13,514
Operating liabilities		**10,489**		**13,900**
Current financial liabilites		5,984		7,930
Current liabilities		**16,473**		**21,830**
Liabilities associated with assets classified as held for sale		371		492
TOTAL EQUITY AND LIABILITIES	€	**43,387**	$	**57,496**

Societe Nationale des Chemins de fer Francais
Consolidated Statement of Financial Position
December 31, 2009

		SNCF Audited Financial Statement 12/31/2009 Euro		SNCF Estimated Converted 12/31/2009 U.S. $
CONSOLIDATED ASSETS				
In millions				
Goodwill	€	886	$	1,270
Intangible assets		605		868
Property, plant and equipment		23,074		33,079
Non-current financial assets		6,851		9,821
Investment in associates		429		615
Gross profit		992		1,422
Non-current assets		**32,837**		**47,075**
Inventories and work-in-progress		806		1,155
Operating receivables		5,959		8,543
Operating assets		**6,765**		**9,698**
Current financial assets		3,529		5,060
Cash and cash equivalents		4,101		5,879
Current assets		**14,395**		**20,637**
Assets classified as held for sale		1		2
TOTAL ASSETS		**47,233**		**67,714**
CONSOLIDATED EQUITIES AND LIABILITIES				
In millions				
Share capital		4,971		7,126
Consolidated reserves		2,527		3,623
Net profit for the year		(980)		(1,366)
Cummulative translation adjustment		-		(37)
Equity attributable to equity holders of the parent		**6,518**		**9,346**
Minority interests		78		112
Total equity		**6,596**		**9,458**
Non-current employee benefits		1,594		2,285
Non-current provisions		1,175		1,684
Non-current financial liabilities		14,887		21,343
Deferred tax liabilities		96		137
Non-current liabilities		**17,752**		**25,449**
Current employee benefits		81		116
Current provisions		240		344
Operating payables		16,094		23,072
Operating liabilities		**16,415**		**23,532**
Current financial liabilites		6,464		9,266
Current liabilities		**22,879**		**32,798**
Liabilities associated with assets classified as held for sale		6		9
TOTAL EQUITY AND LIABILITIES	**€**	**47,233**	**$**	**67,714**

Societe Nationale des Chemins de fer Francais
Consolidated Income Statement
December 31, 2011

		SNCF Audited Financial Statement 12/31/2011 Euro		SNCF Estimated Converted 12/31/2011 U.S. $
In millions				
Revenue	€	32,645	$	45,456
Purchases and external charges		(15,952)		(22,212)
Employee benefits expense		(12,603)		(17,549)
Taxes and duties other than income tax		(1,104)		(1,537)
Other operating income and expenses		34		48
Gross profit		**3,020**		**4,206**
Depreciation and amortization		(1,686)		(2,348)
(Charge to)/reversal of provisions		(79)		(110)
Current operating profit		**1,255**		**1,748**
Net proceeds from disposal of assets		293		408
Positive impacts of group structure operations		113		157
Impairment losses		(840)		(1,170)
Operating profit/(loss)		**821**		**1,143**
Net borrowing costs and other		(294)		(409)
Finance cost of employee benefits		(65)		(91)
Finance costs		**(359)**		**(500)**
Net profit before tax from ordinary activities		**462**		**643**
Share of profit associates		4		6
Income tax expense		(295)		(411)
Net profit/(loss) from ordinary activities		**171**		**238**
Net loss from discontinued operations		(21)		(29)
Net profit/(loss) for the year		**150**		**209**
Net profit/(loss) for the year attributable to equity holders		**125**		**174**
Net profit for the year attributable to non-controlling interests (minority interests)	€	25	$	35

Societe Nationale des Chemins de fer Francais
Consolidated Income Statement
December 31, 2010

		SNCF Audited Financial Statement 12/31/2010 Euro		SNCF Estimated Converted 12/31/2010 U.S. $
In millions				
Revenue	€	30,466	$	40,443
Purchases and external charges		(15,224)		(20,209)
Employee benefits expense		(12,154)		(16,134)
Taxes and duties other than income tax		(1,072)		(1,423)
Other operating income and expenses		147		195
Gross profit		**2,163**		**2,872**
Depreciation and amortization		(1,534)		(2,036)
(Charge to)/reversal of provisions		(97)		(129)
Current operating profit		**532**		**707**
Net proceeds from disposal of assets		268		356
Positive impacts of Group structure operations		586		778
Impairment losses		23		31
Operating profit/(loss)		**1,409**		**1,872**
Net borrowing costs and other		(305)		(405)
Finance cost of employee benefits		(53)		(70)
Finance costs		**(358)**		**(475)**
Net profit before tax from ordinary activities		**1,051**		**1,397**
Share of profit of associates		6		8
Income tax expense		(95)		(126)
Net profit/(loss) from ordinary activities		**962**		**1,279**
Net profit/(loss) from discontinued operations		(240)		(319)
Net profit/(loss) for the year		**722**		**960**
Net profit for the year attributable to equity holders of the parent		**697**		**926**
Net profit/(loss) attributable to minority interests	€	25		34

Societe Nationale des Chemins de fer Francais
Consolidated Income Statement
December 31, 2009

		SNCF Audited Financial Statement 12/31/2009 Euro		SNCF Estimated Converted 12/31/2009 U.S. $
In millions				
Revenue	€	24,882	$	34,691
Purchases and external charges		(11,988)		(16,714)
Employee benefits expense		(10,415)		(14,521)
Taxes and duties other than income tax		(930)		(1,297)
Other operating income and expenses		139		194
Gross profit		**1,688**		**2,353**
Depreciation and amortisation		(1,344)		(1,874)
(Charge to)/reversal of provisions		(200)		(279)
Current operating profit		**144**		**201**
Net proceeds from disposal of assets		432		602
Impairment losses		(1,037)		(1,446)
Operating loss		**(461)**		**(643)**
Operating profit/(loss)		(226)		(315)
Finance cost of employee benefits		(77)		(107)
Finance costs		**(303)**		**(422)**
Net loss before tax from ordinary activities		**(764)**		**(1,066)**
Share of profit associates		14		20
Income tax expense		(205)		(286)
Net profit/(loss) from ordinary activities		**(955)**		**(1,332)**
Consolidated reserves		(17)		(24)
Net loss for the year		**(972)**		**(1,356)**
Net loss for the year attributable to equity holders of the parent		**(980)**		**(1,366)**
Net profit for the year attributable to minority interests	€	8	$	11

Material Change Statements (SNCF)

FINANCES, ACHATS ET SYSTEMES D'INFORMATION
34 rue du Commandant Mouchotte – 75699 Paris cedex 14
TÉL. : 01 53 25 33 12 - FAX : 01 53 25 65 85

July 12th, 2012

Object: Subsequent events

To whom it concerns,

I certify that the following information discloses all significant events of SNCF Group that took place since the end of the most recently audited period (i.e. since December 31, 2011).

SEAFRANCE
On 9 January 2012, the Paris Trade Court ordered the liquidation of the SeaFrance subsidiary with full closure of business. SNCF announced that it would pay compensation estimated at €50 million to employees who would be dismissed following the definitive closure of business and that it was seeking to relocate 500 of these employees. Following the scheduled period, 15 employees were relocated within the SNCF Group.

CREATION OF THE NEW SYSTRA GROUP
In early January 2012, the second transfer phase in connection with the creation of the new Systra group took place. The SNCF Group transferred its remaining 51% stake in Inexia while the RATP transferred its remaining 51% stake in Xelis. The transfer of securities intended to realign the percentage shareholding of both partners resulted in the collection of a cash-balancing adjustment of €20 million by the SNCF Group.

PARTNERSHIP IN THE HYDROPOWER MARKET
On 4 January 2012, the Swedish power company Vattenfall officially confirmed the creation of a consortium with SNCF, Rhodia and ArcelorMittal in the hydropower market in which it will be the principal shareholder. Accordingly, SNCF will set up a subsidiary dedicated to this activity, SNCF Energie, in order to secure a long-term power supply.

DOWNGRADE OF THE SNCF RATING
After having downgraded France's sovereign rating, the rating agency Standard & Poor's announced on 17 January that it had downgraded the ratings of a certain number of French public companies. SNCF's rating was slightly downgraded from AA+ to AA with a negative outlook.

BOND ISSUES

On 18 January and 10 February 2012, the SNCF carried out two bonds issues for €450 million over 30 years and €200 million over 20 years, respectively.

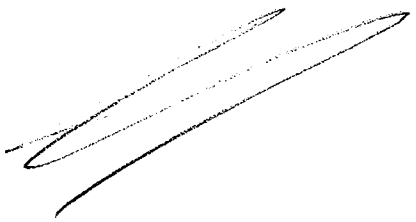
KEOLIS

The board meeting of SNCF Group approved on April 18th the reorganization of the capital of Groupe Keolis, its subsidiary of public transport and car park.

Further to this operation which shall end by the end of the year 2012, SNCF Group will own c. 70% and have a full control of Groupe Keolis. The remaining 30% shares will be hold by the Caisse de dépôt et de placement du Québec (CDPQ) which currently own c. 21% of Groupe Keolis.

With this transaction, SNCF Group, the core industrial shareholder of Groupe Keolis, and CDPQ, a long-term investor in the company, confirmed their lasting commitment to ensuring the continuity and growth of Keolis for the benefit of public authorities in France and on the international stage.

Signed: Alain Picard



Group SNCF Executive Vice-President Finance, Purchasing and Information Systems

U.S. GAAP
Conversion Statement
(SNCF)

FINANCES, ACHATS ET SYSTEMES D'INFORMATION
34 rue du Commandant Mouchotte – 75699 Paris cedex 14
TEL. : 01 53 25 33 12 - FAX : 01 53 25 65 85

July 12th, 2012

Patent sources of differences between International Financial Reporting Standards and United States of America Generally Accepted Accounting Principles ("US GAAP")

The SNCF Group's consolidated financial statements provided for the purpose of this Request for Qualifications have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. There is currently no difference between IFRS as applied by SNCF and IFRS as issued by the IASB on the SNCF consolidated financial statements.
The IASB and the US Financial Accounting Standards Board (FASB) have been working together since 2002 to achieve convergence of IFRSs and US generally accepted accounting principles (GAAP). A common set of high quality global standards remains a priority of both the IASB and the FASB. In September 2002 the IASB and the FASB agreed to work together, in consultation with other national and regional bodies, to remove the differences between international standards and US GAAP. This decision was embodied in a Memorandum of Understanding (MoU) between the boards known as the Norwalk Agreement.
For the purpose of this Request for Qualification we reviewed the main areas of the SNCF Group's consolidated financial statements and identified the patent sources of differences between IFRS and US GAAP that could affect, to the best of our knowledge, the Group's Other Comprehensive Income and Equity. Those differences are discussed as follows:

First time application - Differences resulting from IFRS 1 "exemptions and exceptions"

When preparing its first IFRS consolidated financial statements in 2007, the Group applied IFRS 1 which requires retrospective application of all IFRS that were effective at the transition date. It also provides some optional and mandatory exemptions to this retrospective application. Some of these exemptions are likely to create on-going differences between the net income and equity as reported in IFRS and the net income and equity that would be reported under US GAAP. The main sources of differences are as follows:

- **Business combinations:** all Business combinations which occurred before January 1, 2006 have not been restated in accordance with IFRS 3 "Business Combination" but remained accounted for in

accordance with the accounting standards applied by the Group before the transition. This exemption could have created some differences in the carrying value of acquired assets and liabilities and any related goodwill. Therefore it could affect the forthcoming net incomes.

- **Pension and other employee benefits**: the Group elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS, as a liability with a corresponding reduction in total shareholder's equity. These actuarial gains and losses will therefore never be recycled to the IFRS net income.Business Combination

Since the revision of both FAS 141 and IFRS 3 in 2007, the Boards have mostly achieved their goal of convergence on the most significant issues relating to Business Combination with two major exceptions: full goodwill and the requirements recognition of contingent assets and contingent liabilities.
The Group has prospectively applied IFRS 3 as revised in 2008 (IFRS 3R) to business combinations for which the acquisition date is on or after January 1, 2010. The new US GAAP standard should be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.
Main differences from **previous standards** were as follows (2007-2009):

- **Measurement of minority interests**: according to IFRS, minority interests were recognized at the minority's share in the fair value of the acquired entity net assets. Under US GAAP, minority interests were measured based on the minority share in the historical carrying amount of the acquired entity net assets. More generally, under previous FAS 141, assets acquired and liabilities assumed were stepped up only to the extent of the acquirer's ownership interest, rather than to the full fair value as required by IFRS 3.

- **Contingent considerations**: under US GAAP, contingent considerations were usually recognized only when the contingency was resolved, whereas IFRS 3 required the contingent consideration to be recognized at the date of acquisition only if the payment was probable.

- **Acquisition date**: the acquisition date could differ as IFRS 3 referred to the date on which the acquirer obtains control while former US GAAP considered in practice the date on which assets were received or securities issued.

- **Value of equity instruments** provided as purchase consideration was measured at the date of exchange according to IFRS 3, while US GAAP specified that measurement was based on a reasonable period of time before and after the terms of the acquisition are agreed and announced.

- **Step acquisition and change in ownership:** in both cases, guidance under US GAAP (FAS 141) was the same. Prior ownership interests were measured at the amount that would have been recognised if the equity method had been applied to the investment from the outset. Any differences between amounts previously recognised in net income or OCI and the amounts that would have been recognised under the equity method should be recognised as adjustments to retained earnings (or OCI).

IFRS 3 distinguished the two situations:

- **In case of step acquisition**, IFRS 3 required the share of the identifiable assets and liabilities acquired in previous transactions to be revalued at fair value (with adjustments recognised in equity) and to accumulate a new goodwill for each step acquisition.

- **In case of change of ownership**, IFRS 3 did not provide specific guidance. In practice, the Group used to recognize any differences through equity.

- **Acquired contingencies:** under IFRS 3 the acquiree's contingent liabilities were recognised only if their fair values could be measured reliably, while according to US GAAP, contingent liabilities were recognised only if probable and whether management could made a reasonable estimate of settlement amount.

- **Other differences:** other differences could arise due to different accounting requirements of other existing US GAAP-IFRS literature (for example, identifying the acquirer, definition of control, definition of fair value, replacement of share-based payment awards, initial classification and subsequent measurement of contingent consideration, initial recognition and measurement of income taxes, initial recognition and measurement of employee benefits...).

Finally, even though **the new IFRS and US GAAP** standards are broadly similar in principle, some differences still exist and could impact net income or equity. The main ones are as follows (since 2010):

- **Measurement of non-controlling interest (NCI):** while US GAAP require that NCI are measured at fair value, IFRS 3R leaves an accounting option between recognizing NCI at the fair value or at a proportionate share in the acquiree's identifiable net assets, as described in the Note 2.2.3 – "Business combinations subsequent to 1 January 2010 (application of the revised IFRS 3)" of the 2011 IFRS consolidated financial statements.

- **Acquired contingencies:** US GAAP require that both assets and liabilities arising from contractual contingencies should be recognised at fair value (if the fair value can be determined during the measurement period) and that non contractual contingencies are recognised at fair value if it is more likely than not that the contingency meet the definition of an asset or liability. IFRS 3R no longer allows a possible obligation to be recognised. Only present obligation that arises from past event can be recognised. The new IFRS standard still not allow the recognition of contingent assets.

Consolidation

US GAAP has a two-tiered consolidation model: the voting interest model and the variable interest model (VIE). All entities are first assessed to determine whether they are VIEs, and when meeting the definition of VIE, should be consolidated if the investor is the primary beneficiary. The consolidation of all non-VIEs is assessed on the basis of voting and other decision-making rights.

IFRS provides indicators of control to determine the need to consolidate. However, where control is not apparent, consolidation is based on an overall assessment of all the relevant facts including the exposure to risk and benefit.

Differences between the two sets of standards may arise not only from a difference in the definition of a VIE but also in the way both US GAAP and IFRS look to voting rights to drive consolidation. Indeed, potential voting rights and de facto control are issued and addressed differently in the two guidance (under US GAAP, there is no specific guidance for potential voting rights and de facto control concept does not exist).

Finally, under IFRS, jointly controlled entities may be accounted for either by proportionate consolidation or using the equity method whereas the proportional method is allowed under US GAAP only for unincorporated entities in certain industries. As mentioned in the note 2.1.1 – "Entities controlled or under significant influence" in the 2011 IFRS consolidated financial statements, companies over which the Group exercises joint control are proportionately consolidated.

Employee benefit

- **Classification:** differences between US GAAP and IFRS can result in different classifications of a plan as a defined benefit or a defined contribution plan. It is possible that a benefit arrangement that is classified as a defined benefit plan under US GAAP may be classified as a defined contribution plan under IFRS and vice versa. Classification differences would result in changes to the expense recognition model.

  Moreover, multi-employer pension plans are accounted for similar to a defined contribution plan in US GAAP whereas these plans are accounted for as either a defined contribution or defined benefit plans in IFRS. Differences would result in changes to the expense recognition model.

- **Actuarial gains & losses**: as described in the Note 1.1.2 - "Description of accounting options adopted" in the 2011 IFRS consolidated financial statements the Group has elected to recognize actuarial gains and losses through the "corridor approach". Even if this method leads to same outcomes for net income, the IFRS model of the corridor differs from the "corridor approach" as applied under US GAAP. Indeed, actuarial gains and losses are not recognized on the balance sheet before being recycled, but rather disclosed within the footnotes (off balance sheet items). There is therefore an impact on the accumulated Other Comprehensive Income (OCI).

Revenue recognition

Differences in revenue recognition could exist as there is extensive guidance under US GAAP, when IFRS are not as prescriptive.

- **Continuous-transfer contracts**: Some differences could arise from the assessment of the percentage of completion (IFRS) in one hand and the proportional performance (US GAAP) in the other hand. Such differences could potentially impact the timing of revenue recognition.

- **Government grants**: Government grants can be recognized under IFRS once there is reasonable assurance that requisite conditions will be met rather than waiting for the conditions to be fulfilled under US GAAP. As a result, government grants could be recognized earlier under IFRS.

- **Concessions:** as mentioned in the note 2.5 "Service Concession Arrangements" of the 2011 IFRS consolidated financial statements, IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concession arrangements. It also draws a distinction between two types of service concession arrangement with specific accounting model for each (intangible asset model and financial model asset).

  US GAAP has no specific guidance applicable to concession arrangements. The operator would generally apply the leasing and / or revenue standards to determine the appropriate accounting. This is likely to lead to differences from IFRS.

Assets

- **Development costs**: such costs should be expensed as incurred under US GAAP, whereas IFRS require these costs to be capitalized when technical and economic feasibility of a project can be demonstrated in accordance with specific criteria.

- **Impairment for assets:**

  - Differences in allocation of the assets for impairment test purposes: IAS 36 requires that all assets are allocated and tested within a CGU (cash generating unit) while under US GAAP, goodwill are impaired on a stand-alone basis and indefinite-lived intangible assets can only be tested in combination with other indefinite-lived intangible assets, excluding goodwill.
  - A two-step approach in US GAAP versus a single step in IFRS : while IAS 36 requires the company to compare the asset's carrying amount directly to its recoverable amount, US GAAP use two-step approach methods depending on the nature of the tested asset:

    - For goodwill, the two-step approach requires a recoverability test to be performed first at the reporting unit level (carrying amount of the reporting unit is compared to the reporting unit fair value). If the carrying amount of the reporting unit exceeds its fair value, then impairment testing must be performed.
    - For assets other than goodwill the two-step approach requires an impairment test only if the asset fails the recoverability test by comparing the estimated sum of undiscounted cash flows attributable to the asset with its carrying amount, and therefore can make a difference whether an asset is impaired.

  - Differences could also arise as US GAAP require the carrying amount of the asset to be compared to its fair value, while IAS 36 requires its carrying amount to be compared to the recoverable value defined as the highest of fair value less cost to sell or the asset's value in use.

- **Reversal of impairment losses:** finally, US GAAP prohibit any reversal of impairment losses whereas reversals are possible under IAS 36 in certain circumstances (except for goodwill impairment).

Lease contracts

- Even if principles in US GAAP and IFRS standards are broadly similar, the US standard provides some specific quantitative criteria whose application could result in varying lease qualification. Nonetheless potential differences are more likely to affect the Balance Sheet rather than the Net Income, as a retrospective restatement of all contracts that could be affected should reduce timing differences in the net expense recognition.

- Another difference could also arise because IFRS require more systematically bifurcation than US GAAP, for lease contracts involving both lands and building.

- Leaseback transactions: differences in the framework could lead to differences in the timing of gain recognition in sale-leaseback transactions particularly when the resultant lease is an operating lease. IAS 17 requires the gain on a sale and leaseback transaction that results to an operating lease to be recognized immediately where the sale price is established at fair value. Under US GAAP, FAS 28 generally requires any gain arising on a sale and operating leaseback to be deferred and only recognized as rental payments are made.

Provision for risk and contingencies

Both frameworks require recognition of a liability based on the probability of occurrence. The definition of probability is however different under US GAAP (where probable is interpreted as "likely") and IFRS (where probable is interpreted as "more likely than not"). This difference in the interpretation of the term could lead to record a liability earlier under IFRS than under US GAAP.

Income taxes

- **Uncertainty in Income Taxes**: US GAAP include detailed guidance surrounding the accounting for uncertainty in income taxes whereas accounting for uncertain tax positions is not specifically addressed within the IFRS. Moreover, the tax position is measured under US GAAP by using a cumulative probability model that is not supported by IFRS. Therefore, differences in both the unit-of-account methodology and the measurement methodology for uncertain tax position may result in varying outcome under the two frameworks.

- **Intragroups:** under US GAAP, any income tax effect resulting from intragroups profits are deferred at the seller's tax rate and recognized upon sale to a third party. IFRS requires the recognition of deferred taxes based on the buyer's tax rate at the time of the initial transaction.

- **Changes in tax**: subsequent changes in tax rate are systematically recognized in net income according to US GAAP, whereas some of them may be recognized in OCI or equity under IFRS.

Financial Instruments

Even if US GAAP and IFRS core principle for financial instrument reporting are similar, differences may exist as a result of different definitions of what is a financial instrument, how a financial instrument should be classified or when and how a financial instrument should be recognized, derecognized, measured or impaired. Based on the review of the main areas of the SNCF Group's consolidated financial statements, the potential sources of differences between IFRS and US GAAP that could affect the Group's Comprehensive Income and Equity are as follows:

- **Initial measurement of financial items at amortized cost**: under IFRS when an instrument is issued to a related party, the financial asset or liability initially should be recorded at fair value, which may not be the value of the consideration received. The difference between fair value and the consideration received is accounted for as a current-period item. Under US GAAP there is no requirement to initially record the transaction at fair value.

- **Identification of derivative instruments:** the definition of derivatives is broader under IFRS than under US GAAP; therefore more instruments may be required to be accounted for at fair value through the income statement under IFRS. On the other hand, the application of the scope exemption "own use" under IFRS / "normal purchase normal sale" under US GAAP may result in fewer derivative contracts at fair value under IFRS, as these are scoped out of IFRS while elective under US GAAP. Also there are differences that should be carefully considered in the identification of embedded derivatives within financial or non-financial host contracts.

Presentation issues

As mentioned in the introduction, we identified the patent sources of differences between IFRS and US GAAP that could affect, to the best of our knowledge, the Group's Other Comprehensive Income and Equity. However, there could be patent sources of differences that could affect the Balance Sheet presentation (accounting for government grants, presentation of deferred tax assets ...).

As disclosed, IFRS, as applied by the Group in its consolidated financial statements, differ in certain respects from the US GAAP. Nevertheless the US Securities and Exchange Commission (SEC) removed in 2007 the requirement for non-US companies registered in the United States to reconcile their financial reports with US GAAP if their accounts complied with IFRSs as issued by the IASB. Accordingly, an assessment identifying and quantifying the effects of the application of US GAAP on SNCF's Group consolidated financial statements is not available. At the same time, the SEC also published a proposed roadmap on adoption of IFRSs for domestic US companies. Although the general principles and overall methodology of IFRS and US GAAP are converged, differences remain in both principles and implementation guidance.

Signed: Alain Picard

Group SNCF Executive Vice-President Finance, Purchasing and Information Systems

Off-Balance Sheet Liability Statement (SNCF)

FINANCES, ACHATS ET SYSTEMES D'INFORMATION
34 rue du Commandant Mouchotte – 75699 Paris cedex 14
TÉL. : 01 53 25 33 12 - FAX : 01 53 25 65 85

July 12th, 2012

Object: Off-balance sheet commitments

To whom it concerns,

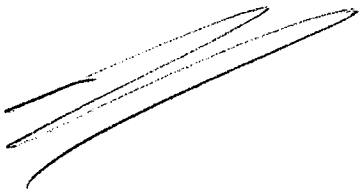
I certify that the following table discloses all commitments not recognised in the statement of financial position and contractual commitments as at 31 December 2011, 2010 and 2009.

Commitments received	31/12/2011				31/12/2010	31/12/2009
	Total commitment	Amount of commitments per period			Total commitment	Total commitment
		Less than one year	From one to five years	More than five years		
Commitments relating to financing	**2,185**	**109**	**2,063**	**12**	**2,192**	**1,674**
Personal collateral	1,121	97	1,022	2	1,050	759
Security interests	25	3	12	10	1	1
Unused confirmed credit lines	1,039	9	1,030	0	1,141	914
Commitments relating to operations	**4,901**	**1020**	**3,400**	**482**	**4,222**	**3,869**
Investment commitments for operation of rail equipment	3,115	472	2,619	25	2,993	2,500
Purchase commitments for non-current assets other than rail equipment	532	237	295	0	416	0
Property sale undertakings	107	44	62	0	94	133
Operating leases: equipment	428	175	238	15	37	0
Operating leases: property	717	90	186	441	568	209
Commitments relating to operating purchase	2	2	0	0	114	1,027
Commitments relating to the Group consolidation scope	**171**	**133**	**37**	**1**	**188**	**0**
Warranties	171	133	37	1	181	0
Security commitments (option contracts)	0	0	0	0	6	0
Other commitments received	**21**	**16**	**2**	**3**	**21**	**131**
Total commitments received	**7,278**	**1,278**	**5,503**	**497**	**6,623**	**5,673**

Commitments given	31/12/2011				31/12/2010	31/12/2009
	Total commitment	Amount of commitments per period			Total commitment	Total commitment
		Less than one year	From one to five years	More than five years		
Commitments relating to financing	**2,014**	**166**	**494**	**1,354**	**2,185**	**2,485**
Personal collateral	491	150	165	175	774	763
Personal collateral: guarantees given for loans to employees	1042	10	50	981	1,002	1,000
Security interests	482	6	278	198	409	722
Commitments relating to operations	**11,730**	**3,405**	**7,636**	**689**	**12,755**	**10,407**
Investment commitments for operation of rail equipment	6,133	1,310	4,771	52	6,381	5,858
Purchase commitments for non-current assets other than rail equipment	812	374	437	1	681	260
Property sale undertakings	174	77	93	4	288	136
Operating guarantees	334	54	192	88	342	
Customs guarantees (Geodis)	178	143	2	34	180	
Operating leases: equipment	1,536	389	926	222	1,569	287
Operating leases: property	1,310	344	704	262	1,356	1,326
Commitments relating to operating purchase agreements	778	264	493	21	1,708	2,540
Firm commodity purchase commitments (electricity, diesel)	474	451	19	5	250	
Commitments relating to the Group consolidation scope	**610**	**34**	**2**	**574**	**597**	**75**
Security commitments (option contracts)	553	3	0	550	568	15
Other commitments relating to the Group consolidation scope	57	31	2	24	29	60
Other commitments given	**73**	**22**	**19**	**32**	**144**	**45**
Total commitments given	**14,427**	**3,627**	**8,151**	**2,649**	**15,680**	**13,016**

For more information, please refer to the Financial Report 2011, 2010 and 2009.

Signed: Alain Picard



Group SNCF Executive Vice-President Finance, Purchasing and Information Systems

Credit Ratings (SNCF)

August 10, 2011

Societe Nationale des Chemins de Fer Francais

Primary Credit Analyst:
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Societe Nationale des Chemins de Fer Francais

Major Rating Factors

Strengths:

- "Extremely high" likelihood of timely extraordinary government support.
- Demonstrated ongoing support from the French government.
- High barriers to entry to SNCF's core rail transport markets.

Corporate Credit Rating
AA+/Stable/A-1+

Weaknesses:

- Low profitability as a result of shareholder pressures to maintain low passenger tariffs and loss-making freight services.
- Weak credit metrics for the rating, and cash flow generation hampered by a significant investment program.

Rationale

The ratings on French rail operator Société Nationale des Chemins de Fer Français (SNCF) are based on Standard & Poor's Rating Services' view that there is an "extremely high" likelihood that the Republic of France (AAA/Stable/A-1+; Unsolicited Ratings) would provide timely and sufficient extraordinary support to SNCF in the event of financial distress, as well as our opinion of the group's stand-alone credit profile (SACP), which we assess at 'bb+'. In accordance with our criteria for government-related entities (GREs), our view of an "extremely high" likelihood of extraordinary government support is based on our assessment of SNCF's:

- "Very important" role for French government as the country's incumbent provider of passenger rail services, main railway freight operator, and de facto manager and operator of the French rail network through the management contract signed with the network owner Réseau Ferré de France (RFF; AAA/Stable/A-1+); and
- "Integral" link with its sole owner, the Republic of France. We base this view on the French government's full control over and full involvement in SNCF's management and strategy, and on the strong legal status of SNCF's parent company as an établissement public à caractère industriel et commercial (EPIC). We understand that EPIC status allows SNCF to have access to some emergency funding from the state, and it also makes the Republic of France ultimately responsible for the obligations of SNCF's parent company (representing 87% of the group's external debt on Dec. 31, 2010). In our view, the recent creation of an independent regulator for French rail operations--primarily in charge of ensuring equitable access to the French rail network--does not question or dilute the link of SNCF with the state.

SNCF's SACP is based on our view of SNCF's business risk profile as satisfactory, reflecting the rail operator's strong market position in its core rail operations in France, moderated by relatively low profitability, and its significant financial risk profile, with relatively high leverage and weak credit metrics for the rating level.

Key business and profitability developments

SNCF's financial performance in financial year ended Dec. 31, 2010, benefited from the full consolidation of 56.7%-owned Keolis from Feb. 4, 2010--following its merger with SNCF subsidiary Effia--and acquisitions through SNCF Geodis, which together have resulted in revenue and EBITDA increases in excess of 20%. Disregarding the increased consolidation of SNCF and under constant exchange rates, revenue and EBITDA increased by 4.1% and

12.8%, respectively, in 2010. In the same period, profitability benefited from traffic and volume recovery and cost reductions, which have offset rising track access charges (TACs), rising energy costs, increased taxes, and the effects of industrial action.

In the first half of 2011, SNCF's revenues increased by 9.5%, or 6.1% disregarding the increased consolidation and under constant exchange rates. The group's EBITDA margin improved markedly, standing at 8.4%, an increase of more than 1.5 percentage points over the same period in the previous year. SNCF benefited from the conclusion of new contracts with RFF and the French state, while cost control initiatives boosted EBITDA. EBITDA increased in all business segments except SNCF Voyages, which saw rising TACs and faced a new tax to finance subsidies for regional trains.

Key cash flow and capital-structure developments

SNCF reported cash flows from operations of €2.3 billion in financial year 2010, a significant improvement on the previous year but which reflects, in part, the increased consolidation of SNCF. Funds from operations (FFO), which exclude working capital movements, increased by a more modest 5%.

At year-end 2010, adjusted debt was €14.3 billion, taking into the group's available cash as well as marketable securities and deposits with a term of up to six months. About two-thirds of the debt increase on the previous year relates to an increase in off-balance-sheet liabilities, notably relating to operating leases and pensions. FFO to debt was 14.5% in financial year 2010, an improvement on the low level achieved in 2009, but well below the 2008 level (20.7%) due to weaker profitability and increased investment needs and acquisitions. We anticipate that FFO to debt will see a modest increase in 2011.

Liquidity

The short-term corporate credit rating on SNCF is 'A-1+'. We consider SNCF's liquidity to be adequate under our criteria. We anticipate that sources of liquidity will cover uses by approximately 1.2x over the coming 12 months, and that coverage will remain in excess of 1.0x in the following 12 months.

On June 30, 2011, SNCF's parent company had €4.13 billion of cash and cash equivalents, and €1.35 billion of deposits and marketable securities with a term of six months or less that we rate at least at the level of SNCF's SACP. SNCF has €860 million available under its committed credit lines expiring after June 30, 2012. We estimate free operating cash flow needs to be around €0.50 billion in the coming 12 months due to SNCF's large investment program, and there is €1.28 billion of long-term debt maturing over the next 12 months (excluding debt maturities covered by RFF and the French state through the Caisse de la Dette Publique [CDP], a state public agency [EPA] managed by the French treasury). In addition, at the end of June 2011 SNCF had €2.82 billion of outstanding commercial paper (CP) under its two short-term CP programs that, in total, are capped at €5 billion. Although we expect the group to retain some short-term issuance, in our view SNCF has sufficient liquidity to repay these facilities in the event of market disruptions.

We note that SNCF may make a contribution to loss-making ferry operator SeaFrance, a 100% owned subsidiary for which a state aid request is currently being examined by the European Commission. We expect any contribution to be no more than €0.25 billion, which would not affect SNCF's adequate liquidity.

We consider that in case of need, SNCF would have access to emergency funding from the French Treasury ("Agence France Trésor"), for instance using CDP to buy SNCF's bonds or CP issues. We consider that this allows for prompt and ample state support to SNCF in the event of financial distress. In addition, as a consequence of tight

state monitoring, we consider that, were SNCF to need financial support, the government would be properly and timely informed of SNCF's difficulties, which may trigger pre-emptive actions and allow for adequate, timely support if required.

Outlook

The stable outlook reflects our view that SNCF will retain its very important role to and integral link with the French state, and our anticipation that the development of competition in passenger rail in France will be gradual. The ratings on SNCF to a large extent reflect those on the Republic of France.

Adverse changes in the national or European regulatory framework or in SNCF's statutory framework; a more rapid development of competition than we currently anticipate; or increased exposure to competitive markets as a result, for instance, of acquisitions could lead us to re-evaluate the likely support from the Republic of France, and may result in a multiple-notch downgrade of SNCF. In addition, changes in the ratings or outlook on the Republic of France could lead to corresponding changes to those on SNCF.

The ratings could also come under pressure if SNCF were to experience weaker-than-anticipated profitability and cash flow generation, if the group's FFO to debt does not remain around 15% in the near term, or if its financial risk profile does not return to pre-crisis levels in the medium term. These factors could prompt us to lower the SACP and result in a one-notch downgrade in SNCF's long-term ratings.

Prospects for a positive rating action are currently limited, in our view, because the main driver of the 'AA+' long-term corporate rating is the likelihood of extraordinary support from the Republic of France.

Business Description

With reported turnover of more than €30 billion in 2010, SNCF is one of the biggest transport groups in Europe. It is also one of the largest employers in France, with 240,978 full-time employees, on average, in 2010.

The group is made up of five divisions:

- SNCF Voyages, which includes the operation of long-distance and high-speed passenger rail services.
- SNCF Proximités, which covers local passenger services operated by SNCF, and bus and light rail operator Keolis.
- SNCF Geodis, which provides freight and logistic services in Europe, notably in France, Italy, and Germany.
- SNCF Infra, which undertakes new-build and network maintenance activities on behalf of national rail infrastructure owner RFF.
- Gares & Connexions, a division established in January 2010 that is in charge of train station management and development.

SNCF's core rail passenger operations make a significant contribution to the group's EBITDA (see table 1), with SNCF Voyages and SNCF Proximités generating close to 70% of group EBITDA and infrastructure maintenance and train stations management contributing another 14%.

Table 1

Société Nationale des Chemins de Fer Français Full-Year 2010 Revenue And EBITDA Split By Division

	External revenue (€ bil.)	Share of total revenue (%)	EBITDA (€ bil.)	Share of total EBITDA (%)
SNCF Voyages	6.4	21	0.9	42.3
SNCF Proximités	10.3	33.6	0.6	27.2
SNCF Geodis	8.7	28.4	0.1	4.8
SNCF Infra	4.7	15.3	0.1	6.3
Gares & Connexions	0.2	0.7	0.2	8.1
Common operations and investments	0.3	1	0.2	11.3
Total	30.5	--	2.2	--

Government Support And GRE Methodology Impact

The ratings on SNCF are based on our view that there is an "extremely high" likelihood that the Republic of France would provide timely and sufficient extraordinary support to SNCF in the event of financial distress, as well as our opinion of the group's SACP, which we assess at 'bb+'. In accordance with our criteria for GREs, our view of an "extremely high" likelihood of extraordinary government support is based on our assessment of SNCF's:

- "Very important" role for the French government, due to its present dominant position and its strategic, socioeconomic, and political importance in the French transport sector as the country's incumbent provider of passenger rail services, main railway freight operator, and de facto manager and operator of the rail network through the management contract signed with the network owner RFF. As a consequence of this tight state monitoring, we consider that, were SNCF to need financial support, the government would be properly and timely informed of its difficulties, allowing for pre-emptive actions and for adequate, timely support if required; and
- "Integral" link with its sole owner, the Republic of France. This link is underpinned by the French government's full control over and full involvement in the management and strategy of SNCF, as well as by the absence of political support for privatization. In our view, the French government has a consistent record of providing both ongoing and extraordinary support to SNCF. We also factor in SNCF's strong legal status as an EPIC, which, by our understanding, makes the Republic of France ultimately responsible for the obligations of SNCF's parent company (which carried 87% of the group's external debt on Dec. 31, 2010).

In our view, the recent creation of an independent regulator (Autorité de regulation des activités ferroviaires, ARAF)--primarily in charge of ensuring that rail operators have equitable access to the French rail network--does not question or dilute the link of SNCF with the French state.

Business Risk Profile: Satisfactory; Underpinned By Strong Competitive Position And Government Support

The major supports for the satisfactory business risk profile are:

- SNCF's strong competitive position as the incumbent, and to date sole, provider of regional and long-distance rail passenger services in France. The combination of SNCF's business units is also, in our view, a strength, and

somewhat limits new entrants' ability to compete with SNCF in each individual market.
- The group's significant state support, notably through investment grants from local authorities to finance rolling stock (€926 million in 2010) and the Trains d'équilibre du territoire (balancing of regional train services) agreement signed on Dec. 13, 2010. The French government sees SNCF's mission as politically and socially essential.

These supports are partially offset by:

- Pressures on SNCF's profitability in the near term--due to rising TACs and its mandate to maintain some unprofitable services--and its sizeable capital expenditures (capex) program, which weighs on the group's cash flows. We anticipate that profitability pressures will remain in the medium term as competition develops.
- The exposure of SNCF's core rail market to the gradual development of competition over the medium term, and its expansion through acquisitions into fully competitive sectors such as freight and logistics. In our view, this could result in a gradual loosening of SNCF's role in implementing French government policies. In addition, we believe that constraints on government support for SNCF's unprofitable units could increase, given that EU rules limit support that is not based on a purely financial rationale.

Financial Risk Profile: Significant; With Weak Credit Metrics, Partially Offset By Strong Liquidity And State Support

The main weaknesses of the significant financial risk profile are:

- High indebtedness, with adjusted debt of €14.3 billion on Dec. 31, 2010, excluding debt serviced by RFF and CDP, which represents around 6.5 times EBITDA.
- SNCF's weak cash flow credit metrics for the rating category, with FFO to debt of 14.5% for financial year 2010. Although this is an improvement on the low level achieved in 2009, it remains well below the pre-crisis level of FFO to debt, which was around 20% in 2007 and 2008.
- SNCF's negative free cash flow generation, due to a large capex program that hinders its ability to deleverage in the short term. As a result, we anticipate that SNCF will continue to refinance its debt as it falls due, mainly through long-term bond issues.

These weaknesses are mitigated in our view by:

- The assumption of part of SNCF's debt by the French state, through CDP and RFF. Responsibility for part of SNCF's infrastructure-related debt is allocated to RFF, although the debt remains on SNCF's balance sheet. In addition, a special debt account was set up in 1991 with a back-to-back contract with CDP--Eurostat includes this debt in the Republic of France's debt.
- SNCF's relatively conservative debt management and distribution policy. Foreign currency exposure is quasi-hedged. Interest rate exposure was limited to 35% of debt on Dec. 31, 2010; this exposure has been higher than was historically the case since 2008, so as to take advantage of the low interest rate environment.

Financial Statistics/Adjustments

SNCF reports under International Financial Reporting Standards. In 2010, as in previous years, in SNCF's auditors issued a qualified report indicating that they were unable to give an opinion on the fair value of the fixed assets of

SNCF's freight division as part of the impairment tests. This has no consequence on our analysis of the credit worthiness of the group, which focuses on the cash flow generation of the business rather than its value.

Our main analytical adjustments to SNCF's reported figures (see table 2) are as follows:

- We deduct surplus cash from debt. Surplus cash, by our definition, comprises reported cash and cash equivalents, excluding liquidities set aside by Keolis, as well as marketable securities and deposits that have a term of six months or less and are rated at or above SNCF's SACP.
- We deduct €5.9 billion from the group's reported debt figure to reflect debt that is serviced by RFF and the French state via CDP, and adjust interest expense accordingly.
- We add to debt €4 billion of obligations arising from financial guarantees given to third parties, operating leases, asset retirement obligations, and post-employment obligations assumed by SNCF. Our operating lease adjustment includes an ad hoc adjustment, to account for the significant consolidation in 2010.

Table 2

Reconciliation Of Société Nationale des Chemins de Fer Français Reported Amounts With Standard & Poor's Adjusted Amounts

	--Fiscal year ended Dec. 31, 2010--									
Société Nationale des Chemins de Fer Français reported amounts										
(Mil. €)	**Debt**	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	22,371.0	6,905.0	30,466.0	2,065.0	531.0	770.0	2,286.0	2,286.0	12.0	2,125.0
Standard & Poor's adjustments										
Operating leases	2,414.5	--	--	95.2	95.2	95.2	460.3	460.3	--	1,482.7
Postretirement benefit obligations	1,448.0	(8.5)	--	2.0	2.0	54.0	(24.3)	(24.3)	--	--
Surplus cash and near cash investments	(5,494.5)	--	--	--	--	--	--	--	--	--
Deconsolidation / Consolidation	--	--	--	22.7	(82.1)	22.7	104.8	104.8	--	(802.8)
Asset retirement obligations	265.0	--	--	--	--	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	767.0	--	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	(229.0)	(229.0)	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(525.0)	--	--
Minority interests	--	80.0	--	--	--	--	--	--	--	--

Table 2

Reconciliation Of Société Nationale des Chemins de Fer Français Reported Amounts With Standard & Poor's Adjusted Amounts (cont.)

Debt - Guarantees	128.0	--	--	--	--	--	--	--	--	--
Debt - Fair value adjustments	(827.0)	--	--	--	--	--	--	--	--	--
Debt - Debt serviced by third parties	(5,931.0)	--	--	--	--	--	--	--	--	--
Interest expense - Debt serviced by third parties	--	--	--	--	--	(318.0)	--	--	--	--
Total adjustments	(7,996.9)	71.5	0.0	119.9	782.1	(146.1)	311.9	(213.1)	0.0	679.9

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	14,374.1	6,976.5	30,466.0	2,184.9	1,313.1	623.9	2,597.9	2,072.9	12.0	2,804.9

Table 3

Société Nationale des Chemins de Fer Français Peer Comparison

	Société Nationale des Chemins de Fer Français	Deutsche Bahn AG	Russian Railways (JSC)	Norges Statsbaner AS	NS Groep N.V.
Rating as of Aug. 3, 2011	AA+/Stable/A-1+	AA/Stable/A-1+	BBB/Stable/--	AA-/Stable/A-1+	A+/Stable/--
Stand-alone credit profile	bb+	a-	bb+	bbb+	a
Likelihood of extraordinary government support	Extremely high	Very high	Extremely high	Very high	Moderately high

	--Fiscal year ended Dec. 31, 2010--		--Fiscal year ended Dec. 31, 2009--	--Fiscal year ended Dec. 31, 2010--	
(Mil. €)					
Revenues	30,466.0	34,410.0	27,924.1	1,433.1	3,376.0
EBITDA	2,184.9	4,902.4	7,939.7	177.7	590.8
EBIT	1,313.1	2,323.4	6,252.1	72.9	270.8
Interest expense	623.9	1,090.4	1,540.5	51.0	58.8
Net income from cont. oper.	937.0	1,039.0	3,472.7	37.6	160.0
Funds from operations (FFO)	2,072.9	4,640.3	5,502.2	176.8	563.7
Capital expenditures	2,804.9	3,537.9	7,829.9	207.8	601.9
Free operating cash flow	(207.1)	623.4	(2,206.3)	(44.9)	(13.2)
Dividends paid	12.0	14.0	2.2	22.0	196.0
Discretionary cash flow	(219.1)	609.4	(2,208.5)	(66.9)	(209.2)
Cash and short-term investments	0.0	0.0	2,250.4	0.0	54.0
Debt	14,374.1	21,755.1	11,248.7	972.4	770.8
Equity	6,976.5	13,852.0	38,598.6	687.2	2,831.0

Table 3

Société Nationale des Chemins de Fer Français Peer Comparison (cont.)

Adjusted ratios					
Annual revenue growth (%)	22.4	17.3	(4.2)	8.8	7.5
EBITDA margin (%)	7.2	14.2	28.4	12.4	17.5
EBITDA interest coverage (x)	3.5	4.5	5.2	3.5	10.0
EBIT interest coverage (x)	2.1	2.1	4.1	1.4	4.6
Return on capital (%)	6.3	6.9	12.5	4.5	7.0
FFO/debt (%)	14.4	21.3	48.9	18.2	73.1
Free operating cash flow/debt (%)	(1.4)	2.9	(19.6)	(4.6)	(1.7)
Debt/EBITDA (x)	6.6	4.4	1.4	5.5	1.3
Total debt/debt plus equity (%)	67.3	61.1	22.6	58.6	21.4

Table 4

Société Nationale des Chemins de Fer Français Financial Summary

	--Fiscal year ended Dec. 31--				
	2010	**2009**	**2008**	**2007**	**2006**
Rating history	AA+/Stable/A-1+	AAA/Negative/A-1+	AAA/Negative/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+
(Mil. €)					
Revenues	30,466.0	24,882.0	25,188.0	23,598.0	21,965.0
EBITDA	2,184.9	1,538.0	2,251.8	2,201.6	2,174.4
EBIT	1,313.1	1,125.0	1,672.8	2,090.6	2,263.4
Interest expense	623.9	543.0	598.5	1,420.6	2,034.4
Net income from continuing operations	937.0	(963.0)	615.0	1,055.0	168.0
Funds from operations (FFO)	2,072.9	1,519.9	2,389.4	1,958.9	1,672.6
Capital expenditures	2,804.9	2,768.7	2,156.8	2,589.6	2,022.4
Free operating cash flow	(207.1)	(1,260.9)	115.7	(506.7)	(504.8)
Discretionary cash flow	(219.1)	(1,448.9)	(34.3)	(528.7)	(520.8)
Debt	14,374.1	13,157.4	11,532.0	9,695.3	10,648.6
Equity	6,976.5	6,658.3	7,972.7	8,168.0	6,888.0
Adjusted ratios					
Annual revenue growth (%)	22.4	(1.2)	6.7	7.4	4.6
EBITDA margin (%)	7.2	6.2	8.9	9.3	9.9
EBITDA interest coverage (x)	3.5	2.8	3.8	1.5	1.1
EBIT interest coverage (x)	2.1	2.1	2.8	1.5	1.1
Return on capital (%)	6.3	5.7	8.9	11.8	14.7
FFO/debt (%)	14.4	11.6	20.7	20.2	15.7
Free operating cash flow/debt (%)	(1.4)	(9.6)	1.0	(5.2)	(4.7)
Debt/EBITDA (x)	6.6	8.6	5.1	4.4	4.9
Debt/debt and equity (%)	67.3	66.4	59.1	54.3	60.7

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Réseau Ferré de France, Sept. 9, 2010
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009

Ratings Detail (As Of August 10, 2011)*		
Societe Nationale des Chemins de Fer Francais		
Corporate Credit Rating		AA+/Stable/A-1+
Commercial Paper		
Local Currency		A-1+
Senior Unsecured (29 Issues)		AA+
Short-Term Debt (1 Issue)		A-1+
Corporate Credit Ratings History		
04-Jun-2010	*Foreign Currency*	AA+/Stable/A-1+
24-Sep-2008		AAA/Negative/A-1+
27-Apr-1990		AAA/Stable/A-1+
04-Jun-2010	*Local Currency*	AA+/Stable/A-1+
24-Sep-2008		AAA/Negative/A-1+
10-Nov-1995		AAA/Stable/A-1+
Business Risk Profile		Satisfactory
Financial Risk Profile		Significant

Debt Maturities

On Dec. 31, 2010 (excluding debt maturities covered by Réseau Ferré de France and the French state through Caisse de la Dette Publique):
2011: €1.8 bil.
2012: €0.6 bil.
2013: Nil
2014: €0.6 bil.
2015: €0.9 bil.
Thereafter: €7.1 bil.

Related Entities	
Agence Francaise de Developpement	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	AAA/A-1+
Junior Subordinated (2 Issues)	AA-
Senior Unsecured (23 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
Assistance Publique - Hopitaux de Paris	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (16 Issues)	AAA

Ratings Detail (As Of August 10, 2011) (cont.)

Caisse Centrale de Reassurance	
Financial Strength Rating	
Local Currency	AAA/Stable/--
Issuer Credit Rating	
Local Currency	AAA/Stable/--
Caisse d'Amortissement de la Dette Sociale	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (103 Issues)	AAA
Short-Term Debt (2 Issues)	A-1+
Caisse Nationale des Autoroutes	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (8 Issues)	AAA
France (Republic of) (Unsolicited Ratings)	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	A-1+
Senior Secured (2 Issues)	AA+
Senior Unsecured (28 Issues)	AA+
Senior Unsecured (15 Issues)	AAA
La Banque Postale	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Senior Unsecured (1 Issue)	A+
Short-Term Debt (1 Issue)	A-1
Subordinated (3 Issues)	A
La Poste	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Senior Unsecured (10 Issues)	A
Short-Term Debt (1 Issue)	A-1
Reseau Ferre de France	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	A-1+
Senior Unsecured (42 Issues)	AAA
Senior Unsecured (1 Issue)	AAA/A-1+
Societe Anonyme de Gestion de Stocks de Securite	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (5 Issues)	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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April 28, 2011

Societe Nationale des Chemins de Fer Francais

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Societe Nationale des Chemins de Fer Francais

Major Rating Factors

Strengths:

- Extremely high likelihood of timely extraordinary government support.
- Demonstrated ongoing support from the French government.
- High barriers to entry to SNCF's core rail transport markets.
- Strong liquidity position.

Corporate Credit Rating
AA+/Stable/A-1+

Weaknesses:

- Low profitability as a result of shareholder pressures to maintain low passenger tariffs and loss-making freight services.
- Weakened credit metrics and cash flow generation hampered by a significant investment program.

Rationale

The ratings on French rail operator Société Nationale des Chemins de Fer Français (SNCF) are based on Standard & Poor's Rating Services' view of the group's stand-alone credit profile (SACP), which we assess at 'bb+', as well as our opinion that there is an "extremely high" likelihood that the Republic of France (AAA/Stable/A-1+; Unsolicited Ratings) would provide timely and sufficient extraordinary support to SNCF in the event of financial distress. In accordance with our criteria for government-related entities (GREs), our view of an "extremely high" likelihood of extraordinary government support is based on our assessment of SNCF's:

- "Very important" role for French government as the country's incumbent and currently sole provider of passenger rail services, main railway freight operator, and de facto manager and operator of the French rail network through the management contract signed with the network owner Réseau Ferré de France (RFF; AAA/Stable/A-1+); and
- "Integral" link with its sole owner, the Republic of France. This view is based on the French government's continuous involvement in the management and strategy of SNCF, and on SNCF's parent company's strong legal status as an établissement public à caractère industriel et commercial (EPIC). EPIC status, in our understanding, makes the Republic of France ultimately responsible for the obligations of SNCF's parent company (87% of the group's external debt on Dec. 31, 2010).

SNCF's SACP is based on our view of SNCF's business risk profile as satisfactory, reflecting the rail operator's complementary businesses, ranging from passenger and freight rail services to logistics, and the high natural barriers to entry in its core rail passenger services. On the other hand, we view SNCF's financial risk profile as significant, mainly because of its weakened credit metrics, which are partially offset by strong liquidity and a conservative distribution policy.

Key business and profitability developments

SNCF's financial performance in financial year ended Dec. 31, 2010 benefited from the full consolidation of 56.7%-owned Keolis from Feb. 4, 2010 (following its merger with SNCF subsidiary Effia), and acquisitions through SNCF Geodis, which together have resulted in revenue and EBITDA increases in excess of 20%. Disregarding the

increased consolidation of SNCF and under constant exchange rates, revenue and EBITDA increased by 4.1% and 12.8%, respectively, in 2010. In the same period, profitability benefited from traffic and volume recovery and cost reductions, which have offset rising track access charges (TACs), rising energy costs, increased taxes, and the effects of industrial action.

In the first quarter of 2011, SNCF's revenues increased by 11.8%, or 6.0% disregarding the increased consolidation and under constant exchange rates. Revenues benefited from the conclusion of new contracts with RFF and the French state. In addition, international activities contributed over one-half of the revenue increase, disregarding changes in the consolidated perimeter.

Key cash flow and capital-structure developments

SNCF's funds from operations (FFO) to debt was 13.7% in financial year 2010, an improvement on the low level achieved in 2009, but well below the 2008 level (20.7%) due to weaker profitability and increased investment needs and acquisitions.

Liquidity

The short-term corporate credit rating on SNCF is 'A-1+'. We perceive SNCF's liquidity as strong under our criteria, factoring in the likelihood of support from the French state. Thanks to its strong links with the French government and its EPIC status, we anticipate that SNCF will continue to enjoy ongoing access to bank and capital market debt. Cash advances are also available to EPICs, if needed, at the discretion of the French Ministry of Economy, Finance and Industry.

Disregarding our assumptions about extraordinary government support, we view SNCF's liquidity position as adequate. On March 31, 2011, SNCF had surplus cash and cash equivalents of €3.28 billion, marketable securities of €1.57 billion, and available committed credit lines expiring after 2011 totaling €700 million. This should be more than sufficient, in our opinion, to cover:

- Free operating cash flow needs, which we estimate to be about €500 million in 2011, due to SNCF's large investment program; and
- €0.79 billion of long-term debt maturing over the next 12 months (excluding debt maturities covered by RFF and the French state through the Caisse de la Dette Publique [CDP], a state public agency [EPA] managed by the French treasury).

SNCF also had €2.83 billion of commercial paper (CP) outstanding at the end of March 2011 under its two short-term CP programs that, in total, are capped at €5 billion. The group expects to retain short-term issuance of €2.5 billion to €3 billion. However, it has sufficient liquidity to repay these facilities in the event of market disruptions, in our view.

We understand that SNCF's loan documentation includes no liquidity or rating triggers.

Outlook

The stable outlook reflects our view that SNCF's anticipated exposure to actual competition in passenger rail services in France, and its expansion in fully competitive sectors outside France, will not be rapid. Hence we do not currently perceive any further weakening of SNCF's relationship with the French government over the next two years.

In the near-to-medium term we anticipate that the ratings on SNCF will to a large extent reflect those on the Republic of France. Changes in the ratings or outlook on the Republic of France could lead to corresponding changes to those on SNCF.

The development of SNCF's SACP will primarily depend on whether SNCF's cash flow generation recovers from the current low levels, despite increasing TACs and possible competitive pressure. We could lower the ratings on SNCF should its increasing exposure to competitive markets accelerate noticeably, as a result of large acquisitions, for example. Important adverse changes in the national or European regulatory, statutory, and legal framework for SNCF could also lead us to reevaluate the ratings and take what we view to be an appropriate rating action.

Prospects for a positive rating action are currently very limited, in our view, given SNCF's current credit metrics.

Business Description

With reported turnover of more than €30 billion in 2010, SNCF is one of the biggest transport groups in Europe. It is also one of the largest employers in France, with 240,978 full-time employees, on average, in 2010. The group is made up of five divisions:

- SNCF Voyages, which includes the operation of long-distance and high-speed passenger rail services;
- SNCF Proximités, which covers local passenger services operated by SNCF, and bus and light rail operator Keolis;
- SNCF Geodis, which provides freight and logistic services in Europe, notably in France, Italy, and Germany.
- SNCF Infra, which undertakes new-build and network maintenance activities on behalf of national rail infrastructure owner RFF;
- Gares & Connexions, a division established in January 2010 that is in charge of train station management and development.

Table 1 highlights the significant contribution of SNCF's core rail passenger operations to the group's EBITDA, with SNCF Voyages and SNCF Proximités generating close to 70% of group EBITDA and infrastructure maintenance and train stations management contributing another 14%.

Table 1

Société Nationale des Chemins de Fer Français Full-Year 2010 Revenue And EBITDA Split By Division

	External revenue (€ bil.)	Share of total revenue (%)	EBITDA (€ bil.)	Share of total EBITDA (%)
SNCF Voyages	6.4	21	0.9	42.3
SNCF Proximités	10.3	33.6	0.6	27.2
SNCF Geodis	8.7	28.4	0.1	4.8
SNCF Infra	4.7	15.3	0.1	6.3
Gares & Connexions	0.2	0.7	0.2	8.1
Common operations and investments	0.3	1	0.2	11.3
Total	30.5	--	2.2	--

Government Support And GRE Methodology Impact

The ratings on SNCF are based on its SACP, which we assess at 'bb+', and on our view of the "extremely high" likelihood that the Republic of France would provide timely and sufficient extraordinary support to SNCF in the event of financial distress. In accordance with our criteria for government-related entities (GREs), our view of an "extremely high" likelihood of extraordinary government support is based on our assessment of SNCF's:

- "Very important" role for the French government, due to its present dominant position and its strategic, socioeconomic, and political importance in the French transport sector as the country's incumbent provider of passenger rail services, main railway freight operator, and de facto manager and operator of the rail network through the management contract signed with the rail network owner RFF; and
- "Integral" link with its sole owner, the Republic of France. This link is underpinned by the French government's continuous involvement in the management and strategy of SNCF, as well as by the absence of political support for privatization. In our view, the French government has a consistent record of providing both ongoing and extraordinary support to SNCF. We also factor in SNCF's parent company's strong legal status as an EPIC, which, in our understanding, makes the Republic of France ultimately responsible for the obligations of SNCF's parent company (which carried 87% of the group's external debt on Dec. 31, 2010).

Business Risk Profile: Satisfactory; Underpinned By Strong Competitive Position And Government Support

The major supports for the satisfactory business risk profile are:

- SNCF's strong competitive position as the incumbent and currently sole provider of regional and long-distance rail passenger services in France. The combination of SNCF's business units is also, in our view, a strength, and somewhat limits new entrants' ability to compete with SNCF in each individual market.
- SNCF's significant state support, as shown by the state's decision to provide specific grants to fund the "Trains d'équilibre du territoire" (balancing of some interregional train services) agreement signed on Dec. 13, 2010. In our view, the French government considers SNCF's mission as politically and socially essential. SNCF also receives significant investment grants from local authorities to finance rolling stock for regional trains (€926 million in 2010).

These supports are partially offset by:

- Pressures on SNCF's profitability in the near term--due to rising TACs and its mandate to maintain some unprofitable services--and its sizeable capital expenditures (capex) program, which weighs on the group's cash flows.
- The increasing exposure of SNCF's core rail market to competition over the medium term, and its expansion through acquisitions into fully competitive sectors such as freight and logistics. In our view, this could result in a gradual loosening of SNCF's role in implementing French government policies. In addition, we believe that constraints on government support for SNCF's unprofitable units could increase, given that EU rules limit support that is not based on a purely financial rationale.

Financial Risk Profile: Significant; With Weak Credit Metrics, Partially Offset By Strong Liquidity And State Support

The main weaknesses of the significant financial risk profile are:

- SNCF's weak debt metrics, with FFO to debt of 13.7% on Dec. 31, 2010. This is mostly due to the combination of pressures on SNCF's profitability and historically accumulated debt.
- SNCF's negative free cash flow generation, due to a large capex program that hinders its ability to deleverage in the short term. As a result, we anticipate that SNCF will continue to refinance its debt as it falls due, mainly through long-term bond issues.

These weaknesses are mitigated in our view by:

- The assumption of part of SNCF's debt by the French state, through CDP and RFF. Responsibility for part of SNCF's infrastructure-related debt is allocated to RFF, although the debt remains on SNCF's balance sheet. In addition, a special debt account was set up in 1991 with a back-to-back contract with CDP--Eurostat includes this debt in the Republic of France's debt.
- SNCF's strong liquidity position, factoring in state support, and its relatively even debt maturity profile, avoiding financial peaks.
- SNCF's relatively conservative debt management and distribution policy. Foreign currency exposure is quasi-hedged. Interest rate exposure was limited to 35% of debt on Dec. 31, 2010; this exposure has been higher than was historically the case since 2008, so as to take advantage of the low interest rate environment.

As in previous years, SNCF's auditors issued a qualified report indicating that they were unable to give an opinion on the fair value of the fixed assets of SNCF's freight division as part of the impairment tests. This has no consequence on our analysis of the group, as we focus on the cash flow generation of the business rather than its value.

Financial Statistics/Adjustments

We deduct €5.9 billion from the group's reported adjusted debt figure to reflect debt that is serviced by RFF and the French state. In addition, we adjust SNCF's debt for fair value hedges.

Conversely, we incorporate within the adjusted debt figure: €4.0 billion derived from debt-like obligations arising from financial guarantees given to third parties, operating leases, asset retirement obligations, and post-employment obligations assumed by SNCF.

We take into account the group's cash and cash equivalents. We also account as available cash about €230 million invested in assets that we rate 'AA-' or above.

Table 2

Reconciliation Of Societe Nationale des Chemins de Fer Francais Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €)*

	--Fiscal year ended Dec. 31, 2010--								
Societe Nationale des Chemins de Fer Francais reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	22,371.0	6,905.0	2,065.0	2,065.0	531.0	770.0	2,286.0	2,286.0	2,125.0
Standard & Poor's adjustments									
Operating leases	2,414.5	--	555.5	95.2	95.2	95.2	460.3	460.3	1,482.7
Postretirement benefit obligations	1,448.0	(8.5)	2.0	2.0	2.0	54.0	(24.3)	(24.3)	--
Additional items included in debt	128.0	--	--	--	--	--	--	--	--
Surplus cash and near-cash investments	(4,737.0)	--	--	--	--	--	--	--	--
Deconsolidation/consolidation	--	--	22.7	22.7	(82.1)	22.7	104.8	104.8	(802.8)
Asset retirement obligations	265.0	--	--	--	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	767.0	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	(229.0)	(229.0)	--
Reclassification of working capital cash flow changes	--	--	--	--	--	--	--	(525.0)	--
Minority interests	--	80.0	--	--	--	--	--	--	--
Other	(6,758.0)	--	--	--	--	(318.0)	--	--	--
Total adjustments	(7,239.5)	71.5	580.2	119.9	782.1	(146.1)	311.9	(213.1)	679.9
Standard & Poor's adjusted amounts									
	Debt	**Equity**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Capital expenditures**
Adjusted	15,131.5	6,976.5	2,645.2	2,184.9	1,313.1	623.9	2,597.9	2,072.9	2,804.9

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. D&A--Depreciation and amortization.

Table 3

Societe Nationale des Chemins de Fer Francais Peer Comparison*

	Societe Nationale des Chemins de Fer Francais	**Deutsche Bahn AG**	**Russian Railways (JSC)¶**	**NS Groep N.V.**	**Societe Nationale des Chemins de Fer Belges Holding**
Rating as of April 28, 2011	AA+/Stable/A-1+	AA/Stable/A-1+	BBB/Stable/--	A+/Stable/--	AA/Watch Neg/A-1+
	--Fiscal year ended Dec. 31, 2010--	**--Fiscal year ended Dec. 31, 2009--**			
(Mil. mixed currency)	**€**	**€**	**RUB**	**€**	**€**
Revenues	30,466.0	31,271.0	1,206,172.0	3,141.0	2,544.1

Table 3

Societe Nationale des Chemins de Fer Francais Peer Comparison* (cont.)					
EBITDA	2,184.9	4,596.9	342,951.0	474.0	90.9
Net income from continuing operations	937.0	821.0	150,001.0	117.0	136.1
Funds from operations (FFO)	2,072.9	4,046.9	237,667.6	641.2	424.8
Capital expenditures	2,804.9	2,572.1	338,210.0	812.2	(147.6)
Free operating cash flow	(207.1)	1,208.8	(95,302.4)	9.0	489.4
Discretionary cash flow	(219.1)	1,196.8	(95,397.4)	(1,489.0)	489.4
Debt	15,131.5	18,415.5	485,882.0	1,121.1	2,604.4
Equity	6,976.5	12,817.2	1,667,255.2	2,871.0	1,751.6
Debt and equity	22,108.0	31,232.7	2,153,137.2	3,992.1	4,356.0
Adjusted ratios					
EBITDA/revenues (%)	7.2	14.7	28.4	15.1	3.6
Operating income (before D&A)/revenues (%)	8.7	17.0	28.4	17.3	15.6
EBIT interest coverage (x)	2.1	2.1	4.1	3.8	2.2
EBITDA interest coverage (x)	3.5	4.6	5.2	8.8	0.6
Return on capital (%)	6.2	6.8	12.8	4.9	7.5
FFO/debt (%)	13.7	22.0	48.9	57.2	16.3
Free operating cash flow/debt (%)	(1.4)	6.6	(19.6)	0.8	18.8
Debt/EBITDA (x)	6.9	4.0	1.4	2.4	28.6
Total debt/debt plus equity (%)	68.4	59.0	22.6	28.1	59.8

*Fully adjusted (including postretirement obligations). Excess cash and investments netted against debt. ¶Excess cash and investments not netted against debt. D&A--Depreciation and amortization. RUB--Russian ruble.

Table 4

Societe Nationale des Chemins de Fer Francais Financial Summary*

	--Fiscal year ended Dec. 31--				
(Mil. €)	**2010**	**2009**	**2008**	**2007**	**2006**
Rating history	AA+/Stable/A-1+	AAA/Negative/A-1+	AAA/Negative/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+
Revenues	30,466.0	24,882.0	25,188.0	23,598.0	21,965.0
EBITDA	2,184.9	1,538.0	2,251.8	2,201.6	2,174.4
Net income from continuing operations	937.0	(963.0)	615.0	1,055.0	168.0
Funds from operations (FFO)	2,072.9	1,519.9	2,389.4	1,994.9	1,713.0
Capital expenditures	2,804.9	2,768.7	2,156.8	2,589.6	2,022.4
Debt	15,131.5	13,157.4	11,532.0	9,695.3	10,269.3
Equity	6,976.5	6,658.3	7,972.7	8,189.6	6,888.0
Adjusted ratios					
EBITDA/revenues (%)	7.2	6.2	8.9	9.3	9.9
Operating income (before D&A)/revenues (%)	8.7	7.4	9.9	10.3	10.8
EBIT interest coverage (x)	2.1	2.1	2.8	1.5	1.1
EBITDA interest coverage (x)	3.5	2.8	3.8	1.5	1.1

Table 4

Societe Nationale des Chemins de Fer Francais Financial Summary* (cont.)					
Return on capital (%)	6.2	5.7	8.9	11.9	14.7
FFO/debt (%)	13.7	11.6	20.7	20.6	16.7
Debt/EBITDA (x)	6.9	8.6	5.1	4.4	4.7
Debt/debt and equity (%)	68.4	66.4	59.1	54.2	59.9

*Fully adjusted (including postretirement obligations). Excess cash and investments netted against debt. D&A--Depreciation and amortization.

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

- Réseau Ferré de France, Sep. 9, 2010
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009

Ratings Detail (As Of April 28, 2011)*		
Societe Nationale des Chemins de Fer Francais		
Corporate Credit Rating		AA+/Stable/A-1+
Commercial Paper		
Local Currency		A-1+
Senior Unsecured (29 Issues)		AA+
Short-Term Debt (1 Issue)		A-1+
Corporate Credit Ratings History		
04-Jun-2010	*Foreign Currency*	AA+/Stable/A-1+
24-Sep-2008		AAA/Negative/A-1+
27-Apr-1990		AAA/Stable/A-1+
04-Jun-2010	*Local Currency*	AA+/Stable/A-1+
24-Sep-2008		AAA/Negative/A-1+
10-Nov-1995		AAA/Stable/A-1+
Business Risk Profile		Satisfactory
Financial Risk Profile		Significant

Debt Maturities

On Dec. 31, 2010 (excluding debt maturities covered by Réseau Ferré de France and the French state through Caisse de la Dette Publique):
2011: €1.8 bil.
2012: €0.6 bil.
2013: Nil
2014: €0.6 bil.
2015: €0.9 bil.
Thereafter: €7.1 bil.

Related Entities

Agence Francaise de Developpement

Issuer Credit Rating AAA/Stable/A-1+

Ratings Detail (As Of April 28, 2011) (Cont.)

Certificate Of Deposit	
Local Currency	AAA/A-1+
Junior Subordinated (2 Issues)	AA-
Senior Unsecured (24 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
Assistance Publique - Hopitaux de Paris	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (9 Issues)	AAA
Caisse Centrale de Reassurance	
Financial Strength Rating	
Local Currency	AAA/Stable/--
Issuer Credit Rating	
Local Currency	AAA/Stable/--
Caisse d'Amortissement de la Dette Sociale	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (104 Issues)	AAA
Short-Term Debt (2 Issues)	A-1+
Caisse Nationale des Autoroutes	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (9 Issues)	AAA
France (Republic of) (Unsolicited Ratings)	
Issuer Credit Rating	AAA/Stable/A-1+
Transfer & Convertibility Assessment	AAA
Senior Secured (2 Issues)	AA+
Senior Secured (1 Issue)	AAA
Senior Secured (1 Issue)	AAA/Negative
Senior Unsecured (31 Issues)	AA+
Senior Unsecured (69 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
La Banque Postale	
Issuer Credit Rating	A+/Stable/A-1
Certificate Of Deposit	A+/A-1
Junior Subordinated (1 Issue)	A-
Senior Unsecured (1 Issue)	A+
Short-Term Debt (1 Issue)	A-1
Subordinated (3 Issues)	A
La Poste	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	
Local Currency	A-1
Senior Unsecured (10 Issues)	A
Short-Term Debt (1 Issue)	A-1

Ratings Detail (As Of April 28, 2011) (cont.)

Reseau Ferre de France	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	A-1+
Senior Unsecured (43 Issues)	AAA
Senior Unsecured (1 Issue)	AAA/A-1+
Societe Anonyme de Gestion de Stocks de Securite	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (5 Issues)	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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February 26, 2010

Societe Nationale des Chemins de Fer Francais

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Societe Nationale des Chemins de Fer Francais

Major Rating Factors

Strengths:

- 100% state ownership and remote privatization risk.
- Supportive shareholder; conservative distribution policy.
- Parent company's EPIC status ensures a last recourse sovereign guarantee on most obligations.
- Politically and socially essential mandate as the dominant rail operator in France.
- High barriers to entry to SNCF's core rail transport markets.
- Strong liquidity.

Corporate Credit Rating
AAA/Negative/A-1+

Weaknesses:

- Increasing competition and deregulation for core businesses.
- Shareholder pressure to maintain low-profitability or loss-making services, such as part of the rail freight offering.
- More restrictive EU framework for state aid to rail operations exposed to competition.
- Profitability suffers from obligation to provide unprofitable services, poor efficiency, and growing track access charges.
- Growing expansion into noncore, logistics activities exposed to competition.
- Anticipated aggressive credit metrics spurred by adverse macroeconomic environment.

Rationale

The 'AAA' rating on national railway company Société Nationale des Chemins de Fer Français (SNCF) reflects Standard & Poor's Ratings Services' opinion that there is an "almost certain" likelihood that the Republic of France (AAA/Stable/A-1+) would provide timely and sufficient extraordinary support to SNCF in the event of financial distress. We assess SNCF's stand-alone credit profile (SACP) at 'BBB-'.

Under our criteria for government-related entities (GREs), our view of an "almost certain" likelihood of extraordinary government support is based on our assessment of SNCF's:

- "Critical" role to the government due to its dominant position and its strategic, socioeconomic, and political importance in the French transport sector as the country's incumbent monopoly provider of passenger rail services, main railway freight operator, and de-facto manager and operator of the rail network.
- "Integral" link with its sole owner, the Republic of France. This link is underpinned by the absence of political support for privatization. It is also based on SNCF's status as an "Etablissement Public Industriel et Commercial" (EPIC), which confers the state's legal obligation to ultimately assume SNCF's parent company liabilities. Although the status-induced guarantee falls short of a timely callable guarantee, SNCF's importance and status lead us to conclude that support from the state would be provided if necessary. In our opinion, the Republic of France has had a consistent record of providing ongoing but also extraordinary support to SNCF.

The ratings on SNCF are no longer strictly equalized with those on France. SNCF's growing exposure to competitive

markets (both inside and outside France) may, over the medium to long term, somewhat constrain the French government's ability to provide SNCF with extraordinary timely financial support due to a more restrictive EU framework for state aid to rail operators. From early 2010, the European passenger rail market will be open to competition. Moreover, the expansion into international logistics and freight operations and the development of international passenger transportation activities are among SNCF's key strategic objectives. We expect SNCF to continue reinforcing its businesses which are exposed to competition through acquisitions. Over the past 18 months, SNCF has proceeded with a series of medium-size acquisitions in the logistics sector.

SNCF's satisfactory business risk profile reflects the combination of its complementary businesses ranging mainly from passenger and freight rail services to logistics. With consolidated revenues of €25.2 billion in 2008 (latest annual data), SNCF is one of Europe's largest rail companies. SNCF benefits from the strength of its long distance rail passenger unit (SNCF Voyages). Despite the expected gradual opening of passenger transport to competition, SNCF Voyages enjoys high barriers to entry. It should, in our view, account for more than 75% of group EBITDA over the next two years, despite a possibly reduced and more volatile profitability than previously, due to rising track access charges (TACs) and particularly adverse macroeconomic conditions. Furthermore, the group suffers from the structurally weak, uncompetitive, and loss-making rail freight unit, which drags on group profitability.

We regard SNCF's financial risk profile as significant. Although we expect the group's credit metrics to deteriorate toward weak ratios for the rating, its liquidity remains strong and its distribution policy remains conservative.

Key business and profitability developments

We anticipate that SNCF's profitability will weaken significantly over 2009 and 2010 owing to the rapidly deteriorating macroeconomic environment, the consequent expected 2009 fall in passenger and cargo volume, the rail freight unit's limited ability to cut costs in line with sharp volume falls and mounting losses, growing TACs and the increasing elasticity of demand to rising train fares. We believe SNCF's overall EBITDA could fall by about 30%-40% during 2009. Rising TACs and growing competition will drag on the group's profitability over the next two years.

Key cash flow and capital structure developments

We anticipate that SNCF's financial risk profile will likely deteriorate due to its weakening profitability and growing debt-funded investment needs and acquisitions. The ratio of funds from operations(FFO)-to-net debt could, in our view, decline to about 12%-15% over 2009 and 2010, from more than 20.7% in 2008, while debt-to-EBITDA could rise materially to close to 7x over the next two years from 5.1x in 2008.

Short-term credit factors

The short-term rating is 'A-1+'. We perceive SNCF's liquidity as strong.

Thanks to the company's strong links with France, we anticipate that SNCF will continue to enjoy ongoing access to bank and capital market debt. Cash advances are also available, if needed, to EPICs at the discretion of the ministry of economy and finance.

On Sept. 31, 2009, SNCF's short-term debt--excluding debt maturities covered by Réseau Ferré de France (RFF, AAA/Stable/A-1+) and the state through the Caisse de la Dette Publique--amounted to €3.1 billion. Debt was fully covered by €5.5 billion in cash and marketable securities together with a small amount of undrawn committed bank lines of €790 million. Management expects debt due in the 12 months from June 2010 to amount to €907 million.

We believe that free operating cash flow (FOCF) will remain slightly negative over the next three years due to SNCF's large investment program and deteriorating cash flow generation in 2009-2010. SNCF's flexibility in postponing and canceling capital expenditure plans is limited due to its commitments to invest as the national railway operator and involvement in the government's economic recovery plan.

SNCF has started paying dividends to its owner, but we anticipate that the payout ratio will remain at low levels over the medium term.

The group's loan documentation includes no liquidity or rating triggers.

Outlook

The negative outlook reflects our view of SNCF's expected expansion in fully competitive sectors and the gradual opening of its markets, which may dilute the state's ability to support the group. The scope and speed of this development may lead us to gradually differentiate the rating on SNCF from that on France, although we would continue to anchor the former to the latter. The negative outlook also reflects our monitoring of the actual credit protection provided by SNCF's EPIC status in an evolving EU framework.

Prospects for an outlook revision to stable are limited unless the French government proves its ability to provide sufficient and timely extraordinary support to SNCF, especially to sustain or restructure its materially worsening freight unit, without any impediment from the EC despite SNCF's growing exposure to competitive markets.

Further evolution of the SACP will primarily depend on the sensitivity of SNCF's cash generation to the current macroeconomic environment, and on its capacity to limit the negative impact on group profitability of poor performances at its freight unit.

Business Description

With reported turnover of €25.2 billion in 2008 (latest annual data), SNCF is one of the biggest railway and public transport players in Europe and one of the largest employers in France; the parent company employed about 163,485 full-time employees at Dec. 31, 2008, (down 1.6% from December 2007) of a group total of 201,339 full-time employees. The company's four core divisions are:

- Long-distance and high-speed passenger transport (SNCF Voyages; VOYAGES). VOYAGES should account for more than 70% of EBITDA in the next few years. VOYAGES comprises long-distance French and European passenger transport, including the TGV (French high-speed train), Corail (standard-speed long-distance trains), cross-Europe carriers (including Eurostar and Thalys).
- The urban and suburban passenger division (SNCF PROXIMITES). This should account for about 20% of EBITDA in future years. The division encompasses mainly regional transport contracted out by French metropolitan regions on a fee basis with limited passenger volume risk, but also includes urban and intercity public transportation (by rail or buses) in France and abroad through its 56.7%-owned subsidiary Keolis/EFFIA.
- The freight and logistics division (SNCF Geodis), which operates mainly in Europe and more specifically in France, Italy, and Germany. We expect EBITDA generated by the logistics unit to be more than offset by severe losses at the rail freight division in the coming years.
- This includes rail freight provided by the weak and structurally loss-making Fret SNCF, which is nevertheless one

of Europe's largest rail freight operators. Fret SNCF accounted for 8% of 2008 group revenues.

- Logistics, essentially under the SNCF Geodis brand, accounted for 23% of total 2008 revenues. The business encompasses diversified land, sea, and air-based freight forwarding, road haulage such as parcel delivery and advanced logistics services.
- The third main driver of EBITDA at SNCF GEODIS is Ermewa, SNCF's wagon leasing unit.
- SNCF Infra. The division undertakes new-build and network maintenance activities on behalf of the national rail infrastructure owner, RFF, AAA/Stable/A-1+, as well as some engineering. We expect its contribution to operating income to be neutral to slightly negative in the next two years.
- Gares et Connexions (G&C). The management of the train stations and ancillary services have been separated in 2009 in a stand-alone division, to prepare for the gradual arrival of competitors. The unit should account for about 5% of EBITDA.

The contribution of each segment to 2008 group revenue and operating income (see table 1) highlights the major contributions of SNCF's core rail passenger operations, SNCF VOYAGES and SNCF PROXIMITES, to operating income and estimated exposure to competition per unit.

Table 1

Breakdown Of Revenues For Société Nationale des Chemins de Fer Français Business Units In 2008

Business unit	Revenues in 2008 (Mil. €)	Share of total revenues (%)	EBITDA in 2008 (Mil. €)	Share of total EBITDA (%)	EBITDA margin in 2008 (%)	Share of 2008 EBITDA exposed to competition (%)
SNCF VOYAGES	7,469	30	1,573	61	21	0
SNCF PROXIMITES	6,340	25	457	18	7	0
SNCF Geodis	8,027	32	269	10	3	100
SNCF Infra	4,823	19	13	1	0	0
Common functions and eliminations	(1,471)	(6)	279	11	N/A	0
Total	25,188	100	2,591	100	10	10

N/A--Not applicable.

In addition, SNCF holds direct equity investments, mostly through its financial holding SNCF Participations.

Business Risk Profile: Satisfactory; Still Underpinned By Continued Government Support And Public Service Duties

As the incumbent monopoly provider of regional mass rail and long-distance passenger services, SNCF has received very strong explicit and implicit government support as its mission has been assessed as politically and socially essential.

However, SNCF's operations are burdened by its mandate to maintain some unprofitable services, and its limited ability to reorganize or reduce its workforce. Additionally, its core passenger operations are progressively being exposed to competition and it is expanding through acquisitions into fully competitive sectors such as freight and logistics. Also, the European framework for state aid to rail operators has become more rigid. Therefore, it will become more difficult for the French government to provide extraordinary timely financial support to SNCF, unless it can demonstrate it is acting as an advised shareholder as would any private owner.

Moreover, as alternative operators will increasingly be able to provide similar services to rail passengers in France, SNCF's strategic importance could diminish.

We anticipate that business risk could increase due to the combination of SNCF's limited flexibility to cut costs, the sharp economic deterioration, its growing exposure to competition, and rising TACs.

A very supportive legal framework with a unique status

Although 100% state-owned, SNCF is not a state administration. It enjoys a separate legal status but has no real capital divided into shares. Its business and financial activities are subject to French commercial law, with certain differences:

- As public entities, EPICs are immune from the seizure or sequestration of their assets or funds.
- Law 80-539 provides for the ultimate guarantee by the French state to unpaid creditors.
- An EPIC is not subject to bankruptcy proceedings.
- If an EPIC defaults, the law assigns responsibility to the relevant supervisory authority (the French state, in the case of SNCF), which must either give the EPIC new resources or automatically guarantee the sums for which the EPIC is held liable by court order. If an EPIC is dissolved, its assets and liabilities would be transferred to the authority responsible for its creation. Consequently, the French state would have to service SNCF's debt directly if the company were dissolved.

Therefore, from a legal standpoint, the company benefits from a statutory ultimate guarantee from the state on all of its parent company's obligations, which amounted to 94% of the group's debt in June 2009. Although the status-induced guarantee falls short of a timely callable guarantee, the importance and status of SNCF lead us to conclude that support from the state would be provided if necessary.

We could progressively differentiate the rating on SNCF from that on the sovereign, similarly to other European rail operators (see table 3). This could occur if the terms or likely timing of expected Government support were to weaken due to outside constraint, as a result of the deregulation of international passenger traffic (expected by early 2010), large acquisitions in the logistics sector, or the outcome of the EC's investigation into the implications of the EPIC status.

European Commission probes state guarantees

The European Commission (EC) is increasing the scrutiny of state guarantees--although the guarantee is implicit in the case of EPICs. This could lower the rating on SNCF in the long term. Nevertheless, so far, we understand that the EC is not requesting SNCF to modify or suppress its EPIC status.

However, the EC reiterated in its April 2008 communication on railway undertakings that it seeks the total removal of unlimited guarantees by 2010. Moreover, it tried to frame more precisely possible state aids to support loss-making freight units and purchase rolling stock. Increasing scrutiny on an entity usually comes with the deregulation and gradual opening of the entity's market.

However, the EC has no ability to oppose any state support that would be made in an economic way (that is, where the state would provide support in the same way any private owner acting rationally would because of the expected returns on that support). To avoid cross-subsidization issues, we understand from management that SNCF's parent company, in agreement with the EC, adds a margin--based on the subsidiary's perceived credit quality--to its internal funding cost when it finances its subsidiaries.

Strategy: a strong mandate to further develop into competitive sectors such as logistics

A mission statement from the French president to SNCF in February 2008 pressed the company to expand the size of its international logistics and freight operations and to reinforce its domestic high-speed and international passenger transportation activities in order to fund improvements of its services in France. A greater exposure to competitive activities, especially outside France, is likely to make timely government financial support to SNCF somewhat more difficult.

As expected, SNCF's development into logistics and rail freight accelerated significantly in 2008 and continued in 2009 with a series of acquisitions. SNCF has recently reinforced its stakes in Ermewa and Keolis.

These acquisitions are in line with our expectations of SNCF's gradual transition toward competitive activities. As we have previously indicated, we will continue to follow closely the scope and speed of this development, which may lead us to gradually further differentiate the rating on SNCF from the sovereign rating.

Competitive position expected to weaken

Typically for combined large railway and logistics operators, SNCF's business strength is more than the sum of all its units; each are somewhat complementary and hence somewhat limit the ability of new entrants to compete with SNCF on each individual market.

After years of slow progress, the liberalization of railway activities has accelerated and its scope has become clearer. Like other European rail operators, this will put mounting pressure on SNCF to improve its limited efficiency and cost flexibility. About 37% of 2008 revenues--stemming essentially from SNCF's freight and logistics transport divisions, but also from its stakes in Keolis, Ermewa, or SeaFrance (a Channel-crossing ferry operator)--were already exposed to competition. Up to 50% of revenues could be progressively opened to competition by the end of 2010, assuming the limited opening up of international passenger transport markets.

Currently, the four main divisions are exposed to very different levels of competitive pressure:

- SNCF VOYAGES benefits from a strong competitive position and business risk profile. On the Dec. 13th, 2009 date set by the EU Transport Council, some of SNCF VOYAGES's international long-distance passenger (PAX) rail lines should be open to competition. We believe the exposed lines could account for up to 30% of SNCF VOYAGES's EBITDA. French and European transport operators have already expressed their interest to run high-speed services in France. However, barriers to entry are high for new entrants as SNCF owns the adapted rolling stock, relies on vast databases which allow precise yield management of its customers, the Government tries to limit the depth of competition on domestic lines, and SNCF controls the timetables of domestic and regional services that feed the high speed lines. Additionally, SNCF VOYAGES also competes with alternative means of mass transport but has a strong competitive position due to the convenience, price and speed of train journeys. However, competitiveness of SNCF VOYAGES will suffer in the next few years due to new entrants, rising TACs, generally limited cost and workforce flexibility, and declining price elasticity of demand, as customers adapt to the deteriorating macroeconomic environment.
- Urban and public transport's (SNCF PROXIMITES's) business profile is deemed satisfactory. It is theoretically already operating under competition in France and abroad. Since 2002, the French metropolitan regions are now responsible for regional train services, which they contracted out to SNCF for five years and mostly on lump-sum bases. However, in practice, SNCF's PROXIMITES unit is monopolistic up to 2012-2013 at the earliest as, since 2006, and thanks to Government support, all regions that had their five-year contracts due for renewal have renewed them with SNCF. No private group has been able to win any of the tenders as yet. Meanwhile, SNCF's

Keolis, whose business risk profile we see in the low satisfactory category, is increasingly obtaining management contracts abroad to operate local and regional train services. Competitors and/or the EC could look into this at some point, calling for more market opening reciprocity.

- We deem the business risk profile of Fret SNCF to be weak. The rail freight transport market has been open to competition since March 2006. Competitors' market share has grown more rapidly than seen in other countries: the volumes gained by competitors represented a marginal 0.5% of the French market between April and December 2006 but could reach up to 12% in 2009, according to SNCF. In Germany, it took six years before new market participants exceeded 2% of the market. However, further development of competition will be hampered by SNCF's still very large market share, very large rolling stock, and ability to sustain losses. Rail freight also competes with (and is priced in line with) road transport, which is much more convenient and flexible than rail freight, which provides limited time, price, and geographical flexibility. Moreover, Fret SNCF is also losing market share due to recurrent industrial action or strike threats.
- The logistics part of the freight segment, whose business risk profile we see as satisfactory, is fully exposed to a very competitive environment, large and very efficient competitors, and mainly provides road haulage services, and diversifies SNCF's exposure to rail freight. However, as SNCF is progressively expanding the size of its unit, it is progressively reinforcing its competitive and bargaining position. Additionally, the SNCF GEODIS unit also encompass SNCF's 49.1% stake in Ermewa, which SNCF fully acquired in early 2010, and whose satisfactory business strength reflects its size as one of the largest rolling stock leasing company in Europe.
- SNCF INFRA is still largely insulated from competition because SNCF has a legal monopoly over traffic management as well as the renewal and maintenance of existing railway infrastructure (which is RFF's responsibility but remains outsourced to SNCF, which still employs the related staff). The division's operating efficiency is low, given its very large, unionized, inflexible payroll (55,000 employees for a network of less than 30,000 kilometers). SNCF and RFF signed a four-year contract in May 2007. This €11 billion contract defines and regulates SNCF's obligations regarding maintenance and renewal of the French rail network for the 2007-2010 period. The plan defines the productivity improvement that SNCF is expected to deliver and introduces some limited reward/penalty mechanisms.
- G&C are de facto fully monopolistic. We expect these will continue to be managed by SNCF. The company continues to discuss the transfer of loss making freight stations to RFF.

Regulation: Becoming a more stringent and costly framework

SNCF has until recently operated under a relatively benign regulatory regime, and most decisions were made by the government directly or indirectly through RFF, particularly regarding TACs. However, this situation changed considerably in September 2008 when the French government set up an independent regulator to:

- Enhance the French freight market framework;
- Prepare for the opening to competition of international passenger routes from 2010 onward; and
- Answer the EC's requests for more and clearer separation between the incumbent rail operator and the rail infrastructure manager.

This authority will be composed of seven members, renewed every six years, whose prerogatives will include suggesting the ranges and bases of TACs, approval and control of surety, and market competition. Thus, TACs will no longer be an indirect government means of support to SNCF as low TACS would also support the development of SNCF's competitors on the French market.

Furthermore, even if the Government has previously managed to restrain the pace of TAC increases and seeks to

protect SNCF's profitability, SNCF is highly likely to face potentially rapidly increasing TACs over the next five years. The government also seeks to improve RFF's financial ability to fund large investments in the French rail infrastructure and make the level of TACs reflect true costs for RFF. A November 2008 decree, applicable from December 2009, modified and clarified existing French laws regarding TACs: these should be based on a fixed element, complemented by a floating part based on volumes. Moreover, it underlined the principle that TACs must cover the costs of operating and maintaining the network. It also states that TACs from high-speed lines may subsidize the maintenance and repairs on the non-high-speed sections of the network. Recent decrees have set the evolution of TACs for 2009 and 2010.

Finally, we do not expect SNCF's monopoly on infrastructure maintenance and renewal for the existing network to be questioned in the short to medium term. French Law 2006-10 relating to transport safety and development authorized the use of public-private partnerships (PPPs) for new build, however.

In line with European Union (EU) rail liberalization guidance, SNCF created the separate G&C unit in 2009. It remains to be seen if the current separation is sufficient to satisfy EC's intended equal access to station facilities for new entrants.

Traffic, volumes, and revenues

We believe that SNCF will likely continue experiencing a material and historical fall in activity in full-year 2009 and a slow recovery during 2010. The macroeconomic slowdown, lower oil prices, and rising train fares could lead passenger traffic to decline by 2%-5% over 2009 in million passenger kilometers. We expect SNCF GEODIS to continue experiencing a general decline in volumes during 2009.

During the first nine months of 2009, reflecting the rapid macroeconomic deterioration, revenues declined by 2.6%, suffering from a historically large fall in revenues at some of the group's major divisions: SNCF Geodis recorded a decline in revenues of 13% (minus 18.7% excluding the consolidation of acquired businesses). SNCF VOYAGES's turnover decreased by 1.7%% despite a 2.3% increase in average ticket prices in 2009, reflecting a decrease in mpkm over the first half of the year as well as a shift from premium train prices to cheaper price categories. SNCF PROXIMITES and SNCF INFRA units benefited together from a slight revenue growth.

Capital expenditures: large investment program with limited flexibility

To support its ongoing development and maintenance needs, SNCF has embarked on a large capital expenditure program in excess of €10 billion over the next four years, net of investment grants. SNCF VOYAGES, Transport and logistics and SNCF PROXIMITIES would account for up to 28%, 22%, and 20% of total investments, respectively.

Being the French historical national railway operator, SNCF's ability to postpone and cancel investments is very limited. It has a mandate from its shareholder to maintain high levels of investment and to support the government's economic recovery plan. Additionally, SNCF must incur large investments in order to grow and renew its aging rail fleet and improve the reliability of the infrastructure. The deferability of these investments is limited.

Operations: in light of the macroeconomic slowdown, weak operations, limited cost flexibility, and political constraints will undermine business risk in the absence of massive efficiency gains

Despite SNCF's strategy to reinforce its core rail businesses through acquisitions, investments, efficiency improvements, and a solid management team, SNCF still lags far behind its best competitors in terms of productivity and remains overstaffed. SNCF suffers mainly from the limited flexibility of its legacy workforce and its political

duties to maintain unprofitable or loss making rail services. This materially hinders SNCF's ability to react to growing competition and the sharp downturn in economic activity.

SNCF's relies heavily on unionized legacy staff, still representing 81% of SNCF's staff in 2008, and benefiting from a status considerably limiting management's bargaining power, ability to cut staff and costs, and improve efficiency. Additionally, recurrent strikes undermine the reliability of SNCF's different rail services and its market share. The number of employees remained stable from 2006 to 2008. However, the number of SNCF EPIC workers declined by 3% during that time as the company is expanding its businesses through subsidiaries enjoying greater staff flexibility. The acceptance by personnel to pursue an efficiency-driven strategy in line with management proposals, especially at Fret SNCF, will be instrumental in improving profitability; however, unions' expected resistance should not be underestimated.

Government ownership and support also comes with constraints: SNCF's ability to cut unprofitable or loss making but politically or territorially important routes, services, and schedules is limited. Despite some trimming of routes and schedules over the last 10 years, further suppressions remain politically sensitive. Fret SNCF continues to incur losses from running services such as single wagon freight transport. SNCF VOYAGES's profitability suffers from having to maintain unprofitable standard-speed routes and schedules or services such as night trains.

However, over the last few years, SNCF has made material operational improvements. It has progressively and successfully aligned its yield management techniques to those of the airline industry, increasingly focusing pricing on occupancy rates. SNCF has also become commercially aggressive against alternative modes of transport.

Finally, SNCF's large investment program aims at improving operations: achieve productivity gains, reach required service quality levels, reduce maintenance costs, and provide more reliable services.

Profitability is below average and will be under pressure from 2009

Due to its very limited flexibility to cut costs at its rail units, SNCF's profitability is typically very sensitive to sharp economic swings and below rail peers.

Despite expected stability of EBITDA from PROXIMITIES and G&C, the limited decline at SNCF INFRA, as well as Logistics' ability to cut costs, the EBITDA margin could decline to 5%-7% over the next two years, from 9% in 2008.

Currently, TACs paid by SNCF to RFF amounted to about €2.5 billion net of French regions' contributions for infrastructure fees in 2008, accounting for about 13% of total operating costs. On Dec. 7, 2009, the government decided the level of TACs that will apply from December 2010. Most network usage TACs will go up by about 2.2%. However, the portion of TACs paid to book a particular line and schedule on some of the most established and most traveled high-speed routes will increase dramatically, by up to 18%-32%. In reaction to increased TACs and lower occupancy levels, SNCF announced that it was seeking to cut some of its high-speed passenger services from 2010.

SNCF's profitability could remain under pressure for several years due to the rise in TACs, the difficulty in passing on these additional costs without losing market share or hurting passenger volumes, the difficulty in cutting services, and the risk of new incumbents cherry-picking the most lucrative parts of SNCF's business as SNCF VOYAGES is opened to competition.

In the first half of 2009, SNCF's reported EBITDA margin declined to 4.7%, with EBITDA plunging by 52%. SNCF

mainly suffered from declining revenues and stable operating costs at SNCF VOYAGES AND SNCF GEODIS. Additionally, SNCF INFRA and SNCF PROXIMITES suffered from the indexation of their revenues to an exceptionally low reported level of inflation, while their costs increased.

Financial Risk Profile: Significant; Anticipated Deteriorating Credit Metrics, But Strong Liquidity And Supportive Shareholder

Accounting

SNCF reports under International Financial Reporting Standards, as it has done since 2007. Auditors issued a qualified report at year end 2008. They indicated that they were unable to give an opinion on the fair value of SNCF Fret's fixed assets as part of the impairment tests performed by SNCF. This has no consequence on our analysis on the company, however, as we focus on the negative cash flow generation from this business, not its value.

Special debt account A special debt account (€6.1 billion at Dec 31, 2008), which was set up in 1991 to isolate part of SNCF's debt, is now on the balance sheet under IFRS. Because an exactly corresponding claim on the CDP (Caisse de Dette Publique), an EPIC managed by the French treasury, is registered on the asset side, and Eurostat includes this debt in the Republic of France's debt, we will continue to exclude it from SNCF's debt obligations.

Postretirement obligations

Following the May 2007 transfer of €31.1 billion of net unfunded personnel benefits from SNCF to an independent legal entity, unfunded obligations decreased to €1.1 billion at Dec. 31, 2008, which corresponds to the company-specific pension benefits. SNCF expects financial charges related to pension obligations to amount to about €50 million per year.

Other main adjustments

Following a reform of the railway sector in France in 1997, responsibility for €20.5 billion of SNCF's infrastructure-related debt was allocated to RFF, with the debt remaining on SNCF's balance sheet. Because the debt (€2.4 billion at Dec 31, 2008) is effectively assumed and serviced by RFF, we exclude it from SNCF's direct debt obligations.

In addition, we adjust SNCF's debt for fair value hedges. We strip out the overall fair value hedge amount of €292 million from debt, as debt would have been increased by this amount. Similarly, we also exclude the €189 million of accrued interest on derivatives from debt.

In our net debt ratios, we give credit to the group's cash and cash equivalents including money market funds with a maturity of fewer than three months, which can easily if not immediately be made available. These stood at €3.3 billion at year-end 2008. We also account as available cash the about €480 million in financial assets invested in assets rated 'AA-' or above.

We adjust debt to include financial guarantees given by SNCF to third parties, which amounted to €674 million at year-end 2008 (€1.234 million in 2007).

Table 2

Reconciliation Of Societe Nationale des Chemins de Fer Francais Reported Amounts With Standard & Poor's Adjusted Amounts*

	--Fiscal year ended Dec. 31, 2008--								
Societe Nationale des Chemins de Fer Francais reported amounts									
(Mil. €)	**Debt**	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	22,649.0	7,897.0	2,237.0	2,237.0	980.0	856.0	2,197.0	2,197.0	2,051.0
Standard & Poor's adjustments									
Operating leases	1,127.4	--	303.5	59.8	59.8	59.8	243.7	243.7	105.8
Postretirement benefit obligations	1,214.0	0.7	--	--	--	51.0	(3.3)	(3.3)	--
Additional items included in debt	674.0	--	--	--	--	--	--	--	--
Surplus cash and near cash investments	(3,760.0)	--	--	--	--	--	--	--	--
Asset retirement obligations	234.7	--	--	--	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	678.0	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	(165.0)	(165.0)	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	117.0	--
Minority interests	--	75.0	--	--	--	--	--	--	--
Other	(10,607.0)	--	(45.0)	(45.0)	(45.0)	(368.3)	--	--	--
Total adjustments	(11,117.0)	75.7	258.5	14.8	692.8	(257.5)	75.4	192.4	105.8
Standard & Poor's adjusted amounts									
	Debt	**Equity**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Capital expenditures**
Adjusted	11,532.0	7,972.7	2,495.5	2,251.8	1,672.8	598.5	2,272.4	2,389.4	2,156.8

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Corporate governance/Risk tolerance/Financial policies

The French government monitors SNCF closely. The company is subject to supervision by the ministry responsible for transport (for technical matters) and the Ministry of Finance (for economic and financial affairs such as

provisional balance sheets, accounting documents, and large capital investment decisions). Like all EPICs, the group is subject to the control of the state auditing agency. The company's 18-member board of directors includes seven government officials and five additional state appointees, and its chairperson is selected by the government.

The distribution policy is conservative and supportive of SNCF's needs. The dividend payout ratio is low at 21.6% of net income in 2008. We believe it is also likely to decrease in both absolute and relative terms in the current macroeconomic deterioration.

We expect SNCF to have revised down the objectives of its acquisition strategy over 2009 and 2010 due to the rapid deterioration in the sector's economics and SNCF's financial strength. However, SNCF will remain focused on reinforcing the international presence of its freight and logistics units. As SNCF has limited free cash flow and cannot raise new equity, any midsize acquisition would have to be debt-financed or funded by further asset sales. It would also require the approval of the French government.

SNCF's medium-term objective is to slightly increase debt levels to fund its increasing investment program and maintain external growth.

Cash flow adequacy

Although SNCF's credit protection ratios have improved over the past few years, we anticipate that they will deteriorate between 2009 and 2010.

In 2008, FFO-to-adjusted net debt remained at the 2007 level of 20.7%, in line with peers, highlighting the long-term recovery of SNCF's cash flow generation capability, boosted by strong operating results. FFO-to-interest improved to 4.4x from 1.6x essentially on the back of a reduction in pension related financial costs. However, EBIT interest coverage stood at 2.8x in 2008, which remains extremely weak for the rating level. Gross debt declined by about €1 billion in 2008.

We expect the 2009-2010 deterioration in profitability to lead to a similar decline in cash flow generation and overall negative free cash flows, leading to a rise in adjusted debt. FFO-to-debt could fall to about 12%-15% over 2009 and 2010. FFO interest coverage could fall lower than 3x over the period. Additionally, debt-to-EBITDA could deteriorate materially to close to 7x. Over the first six months of 2009, reported FFO declined by about 70%, while debt adjusted for cash balances remained stable.

Capital structure/Asset protection

SNCF's capital structure is weak. SNCF's financial profile improved over the last few years but should start deteriorating again over the medium term, due to rising debt and a more challenging business environment.

Debt-to-debt plus equity was high but in line with peers at 59.1% on Dec. 31, 2008, reflecting SNCF's historic undercapitalization and low profitability. However, we anticipate that adjusted debt could increase slightly in 2009 and 2010 to compensate for the lower cash flow generation and higher investments.

Nevertheless, SNCF enjoys strong liquidity and its debt maturity profile is relatively even, showing no particular refinancing peak. Given its negative free cash flow generation, SNCF will continue refinancing its debt as it falls due, mainly through long-term bond issues.

In order to benefit from lower interest rates, SNCF lowered the fixed-rate portion of its debt to 61% in 2008.

Foreign currency exposure is quasi hedged. SNCF enters into a variety of foreign exchange, interest rate, and

commodities instruments. Although most of these instruments are matched specifically against corresponding borrowings, some derivative instruments may not qualify as hedging under IFRS. At Dec. 31, 2009, the estimated market values of derivatives (which correspond to the amount payable or receivable to cancel these commitments), excluding accrued interest, were negative €414 million for currency swaps and negative €170 million for interest rate swaps.

Table 3

Societe Nationale des Chemins de Fer Francais Peer Comparison*

	Societe Nationale des Chemins de Fer Francais	Deutsche Bahn AG	DP World Ltd.	Abertis Infraestructuras S.A.	FirstGroup PLC
Rating as of Feb. 25, 2010	AAA/Negative/A-1+	AA/Stable/A-1+	BB+/Watch Neg/B	A-/Negative/--	BBB-/Stable/A-3
Business risk profile	Satisfactory	Strong	Strong	Excellent	Satisfactory
Financial risk profile	Significant	Intermediate	Aggressive	Significant	Intermediate
(Mil. €)	**--Fiscal year ended Dec. 31, 2008--**				**--Fiscal year ended March 31, 2009--**
Revenues	25,188.0	35,324.0	2,354.7	3,646.8	6,679.8
Net income from continuing operations	615.0	1,307.0	345.8	618.4	154.7
Funds from operations (FFO)	2,389.4	4,149.9	793.3	1,605.0	838.5
Capital expenditures (capex)	2,156.8	3,446.3	1,070.7	679.0	479.4
Cash and short-term investments	0.0	0.0	0.0	0.0	0.0
Debt	11,532.0	18,809.3	5,522.9	14,298.3	3,609.9
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	7,972.7	12,036.0	5,165.5	4,788.3	868.3
Debt and equity	19,504.7	30,845.3	10,688.4	19,086.6	4,478.2
Adjusted ratios					
EBITDA/revenues (%)	8.9	14.5	37.3	61.9	12.7
EBIT interest coverage (x)	2.8	2.5	2.1	2.3	2.3
FFO interest coverage (x)	4.4	3.9	2.4	3.2	3.7
FFO/debt (%)	20.7	22.1	14.4	11.2	23.2
Discretionary cash flow/debt (%)	(0.3)	3.5	(8.9)	2.3	8.0
Net cash flow/capex (%)	103.8	119.5	57.2	170.5	153.8
Total debt/debt plus equity (%)	59.1	61.0	51.7	74.9	80.6
Return on common equity (%)	7.8	11.4	7.0	17.0	18.0
Common dividend payout ratio (unadjusted; %)	29.8	0.0	23.8	61.4	59.0

*Fully adjusted (including postretirement obligations). Excess cash and investments netted against debt.

Table 4

Societe Nationale des Chemins de Fer Francais Financial Summary*

	--Fiscal year ended Dec. 31--				
(Mil. €)	**2008**	**2007**	**2006**	**2005**	**2004**
Rating history	AAA/Negative/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+
Revenues	25,188.0	23,598.0	21,965.0	20,994.0	22,059.0
Net income from continuing operations	615.0	1,055.0	168.0	1,271.0	323.0
Funds from operations (FFO)	2,389.4	1,994.9	1,713.0	1,568.1	1,513.9
Capital expenditures	2,156.8	2,589.6	2,022.4	1,575.1	1,724.3
Cash and short-term investments	0.0	0.0	0.0	523.0	476.0
Debt	11,532.0	9,695.3	10,269.3	16,044.2	15,260.3
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	7,972.7	8,189.6	6,888.0	(2,448.2)	(1,914.2)
Debt and equity	19,504.7	17,884.9	17,157.3	13,596.0	13,346.2
Adjusted ratios					
EBIT interest coverage (x)	2.8	1.5	1.1	0.9	0.7
FFO interest coverage (x)	4.4	1.6	1.1	2.3	2.4
FFO/debt (%)	20.7	20.6	16.7	9.8	9.9
Discretionary cash flow/debt (%)	(0.3)	(5.1)	(4.7)	0.6	(1.8)
Net cash flow/capex (%)	103.8	76.2	83.9	99.0	87.1
Debt/debt and equity (%)	59.1	54.2	59.9	118.0	114.3
Return on common equity (%)	7.8	(12.9)	(1.7)	31.9	10.5
Common dividend payout ratio (unadjusted; %)	29.8	12.5	0.0	0.0	0.0

*Fully adjusted (including postretirement obligations). Excess cash and investments netted against debt.

Related Research

- Enhanced Methodology And Assumptions For Rating Government-Related Entities, June 29, 2009

Ratings Detail (As Of February 26, 2010)*

Societe Nationale des Chemins de Fer Francais		
Corporate Credit Rating		AAA/Negative/A-1+
Commercial Paper		
Local Currency		A-1+
Senior Unsecured (36 Issues)		AAA
Short-Term Debt (1 Issue)		A-1+
Corporate Credit Ratings History		
24-Sep-2008	*Foreign Currency*	AAA/Negative/A-1+
27-Apr-1990		AAA/Stable/A-1+
23-Nov-1981		AAA/--/A-1+
24-Sep-2008	*Local Currency*	AAA/Negative/A-1+
10-Nov-1995		AAA/Stable/A-1+
23-Nov-1981		--/--/A-1+
Business Risk Profile		Satisfactory

Ratings Detail (As Of February 26, 2010) (cont.)

Financial Risk Profile	Significant

Debt Maturities

On Dec. 31, 2008 (latest annual data; excluding neutralization of swap effects, debt maturities covered by RFF, and the state-related SAAD):
2009: €2.8 bil.
2010: €0.9 bil.
2011: €0.8 bil.
2012: €0.6 bil.
Thereafter: €4.2 bil.

Related Entities	
Agence Francaise de Developpement	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	AAA/A-1+
Junior Subordinated (2 Issues)	AA-
Senior Unsecured (24 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
Caisse Centrale de Reassurance	
Financial Strength Rating	
Local Currency	AAA/Stable/--
Issuer Credit Rating	
Local Currency	AAA/Stable/--
Caisse d'Amortissement de la Dette Sociale	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (85 Issues)	AAA
Short-Term Debt (2 Issues)	A-1+
Caisse Nationale des Autoroutes	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (10 Issues)	AAA
France (Republic of)	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	A-1+
Commercial Paper	
Local Currency	A-1+
Senior Secured (2 Issues)	AA+
Senior Secured (1 Issue)	AAA
Senior Secured (1 Issue)	AAA/Stable
Senior Unsecured (30 Issues)	AA+
Senior Unsecured (78 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
Reseau Ferre de France	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	A-1+

Ratings Detail (As Of February 26, 2010) (cont.)

Senior Unsecured (46 Issues)	AAA
Senior Unsecured (1 Issue)	AAA/A-1+
Societe Anonyme de Gestion de Stocks de Securite	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (5 Issues)	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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Societe Nationale des Chemins de Fer Francais

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Societe Nationale des Chemins de Fer Francais

Major Rating Factors

Corporate Credit Rating
AAA/Negative/A-1+

Strengths:

- Privatization risk remote
- Parent company's EPIC status ensures a last recourse sovereign guarantee on most obligations
- Politically and socially essential mandate as the dominant rail operator in France
- Improving cash flow protection measures

Weaknesses:

- Increasing competition and deregulation for core businesses
- Growing expansion into noncore, logistics activities exposed to competition
- More restrictive EU framework for state aid to rail operations exposed to competition
- Poor efficiency and low profitability, hampered by loss-making rail freight operations and growing track access charges
- Highly leveraged financial profile

Rationale

The ratings on state-owned national railway company Société Nationale des Chemins de Fer Français (SNCF) reflect its full ownership by the Republic of France (AAA/Stable/A-1+), its socioeconomic importance, and consequently Standard & Poor's Ratings Services' expectation of a still very high likelihood of timely state financial support for SNCF's obligations. However, the company's growing exposure to competitive markets may, over the medium to long term, somewhat constrain the French government's ability to provide SNCF with extraordinary timely financial support due to a more restrictive EU framework for state aid to rail operators. In our view, this could, in turn, weaken the protection provided by SNCF's status as an "Etablissement Public Industriel et Commercial" (EPIC), which confers the state's legal obligation to ultimately assume SNCF's parent company liabilities.

From 2010, the European international passenger rail market will be open to competition. Moreover, the expansion into international logistics and freight operations and the development of international passenger transportation activities are among SNCF's key strategic objectives. During 2008, SNCF proceeded with a series of medium-size acquisitions in the logistics sector.

Although we currently regard SNCF as a public-policy-based entity, the ratings on SNCF are no longer strictly equalized with those on the sovereign. At present, SNCF's status as an EPIC confers the state's legal obligation to ultimately assume SNCF's parent company liabilities, although this is not an explicit guarantee to pay on demand. The EU Commission underlined in its April 2008 publication that it requests the removal of unlimited state guarantees given to some of Europe's railway undertakings by April 2010 at the latest. Moreover, the EU Commission is investigating whether the EPIC status of another fully state-owned French entity La Poste (A+/Negative/A-1) is compatible with fair competition. The result of this investigation may affect the meaning of SNCF's EPIC status.

The SNCF parent company is France's national rail transport provider. It is 100% state owned and benefits from a close relationship with, and support from, its owner. The government does not have any privatization plans. With consolidated revenues of €23.7 billion in 2007, SNCF is one of Europe's largest rail companies. It has a dominant position and strategic importance in the French transport sector as the country's monopoly provider of passenger rail services and a major railway freight operator.

SNCF's strengths are offset by a weak--although improving--financial profile for the rating. Over the past few years, SNCF's profitability has improved on the back of growth in national long-distance passenger traffic and a recovery in logistics, inter-regional long-distance passenger transport, and rail freight. Yet the company's profitability remains very low in some core businesses such as rail freight and rail network infrastructure management. In the first half of 2008, SNCF benefited from increasing revenues in all segments. However, adjusted EBITDA reached 8.5% of revenues, down from 9.3% in the previous comparable period. SNCF's credit protection ratios remain weak for the rating category but have improved materially. The ratio of funds from operations (FFO) to adjusted net debt rose to 23.6% at year-end 2007 from 16.8% in 2006 on the back of SNCF's improved cash flow generation capability, while adjusted debt declined. However, we expect these ratios to deteriorate over the medium term due to SNCF's growing debt-funded investment needs, possibly weakening profitability as its core business becomes exposed to competition, and a more aggressive acquisitive strategy.

Short-term credit factors

The short-term rating is 'A-1+'. SNCF's liquidity is strong.

At June 30, 2008, SNCF's short-term debt--excluding debt maturities covered by Réseau Ferré de France (RFF) and the state through the Caisse de la Dette Publique--amounted to €1.6 billion. Debt was fully covered by €3.7 billion in cash and marketable securities together with a small amount of undrawn committed bank lines of €500 million.

We expect free operating cash flow to remain negative over the medium term due to SNCF's large investment program. SNCF has started paying dividends to its owner, but we expect the payout ratio to remain at low levels over the medium term.

Thanks to the company's strong links with the sovereign, we expect SNCF to continue to enjoy ongoing access to bank and capital market debt. If needed, French EPICs may obtain cash advances from a special account held by the French treasury. The group's loan documentation includes no liquidity or rating triggers.

Outlook

The negative outlook reflects SNCF's expected expansion in fully competitive sectors and the planned opening of its markets, which may in the future dilute the state's ability to support the company. The scope and speed of this development may lead us to gradually differentiate the rating on SNCF from the sovereign rating, although we would continue to anchor the former to the latter. It also reflects our monitoring of the actual credit protection provided by SNCF's EPIC status in an evolving EU framework.

We also expect that the company will continue to target improving its operating efficiency and financial profile in preparation for the coming deregulation of the passenger market.

Business Description

With reported turnover of €23.7 billion in 2007, SNCF is one of the biggest railway and public transport players in Europe and one of the largest employers in France; the parent company employed about 163,305 full-time employees at June 30, 2008, (down 1.8% from June 2007) of a group total of 200,415 full-time employees. The company's four core divisions are:

- Long-distance and high-speed passenger transport (Voyageurs France Europe; VFE). This accounted for 58% of operating income in the first half of 2008. The division comprises long-distance French and European passenger transport, including the TGV (French high-speed train), Corail (regular long-distance trains), cross-Europe carriers (Eurostar and Thalys, for example), and train stations.
- The urban and suburban passenger division (Proximites). This accounted for about 21% of operating income in the first half of 2008. The division encompasses regional transport contracted out by French metropolitan regions as well as urban and intercity public transportation in France and abroad through its 45.4%-owned subsidiary Keolis.
- The freight division. This includes freight and logistics activities for rail--through the loss-making Fret SNCF--or road transport and advanced logistics services mainly through the listed subsidiary Geodis.
- Infrastructure. The division undertakes new-build and network maintenance activities on behalf of RFF as well as some engineering.

The contribution of each segment to first-half 2008 group revenue and operating income (see table 1) highlights the major contributions of SNCF's core rail passenger operations, VFE and Proximites, to operating income.

Table 1

Société Nationale des Chemins de Fer Français Business Units

€ '000s	Revenue in first-half 2008	Operating income in first-half 2008
VFE	3,676	688
Proximites	3,117	245
Freight and Logistics	4,108	151
Infrastructure and rail maintenance	2,290	(85)
Common functions and eliminations	(706)	179
Total	12,484	1,177

In addition, SNCF manages its equity investments through its Common Operations and Investments division, which mostly comprises its financial holding SNCF Participations.

Business Risk Profile: Still Underpinned By Continued Government Support

As the historical monopoly provider of regional mass rail and long-distance passenger services, SNCF's mission is politically and socially essential, and it has received very strong explicit and implicit government support so far. However, SNCF's core passenger operations are progressively being exposed to competition and it is expanding through acquisitions into fully competitive sectors such as freight and logistics. Also, the European framework for state aid to rail operators has become more rigid. Therefore, it will become more difficult for the French government to provide extraordinary timely financial support to SNCF, unless it can demonstrate it is acting as an advised

shareholder as would any private owner.

Moreover, as alternative operators will increasingly be able to provide similar services to rail passengers in France, SNCF's strategic importance could diminish. Business risk could increase as the group's exposure to logistics is growing and these activities face intense competition and a deteriorating macroeconomic environment. Additionally, SNCF's core passenger operations are likely to suffer from competition and an increase in track access charges (TACs).

A very supportive legal framework with a unique status

SNCF is not a state administration; it enjoys a separate legal status but has no real capital divided into shares. Its business and financial activities are subject to French commercial law, with certain differences:

- As public entities, EPICs are immune from the seizure or sequestration of their assets or funds.
- Law 80-539 provides for the ultimate guarantee by the French state to unpaid creditors.
- An EPIC is not subject to bankruptcy proceedings.
- If an EPIC defaults, the law assigns responsibility to the relevant supervisory authority (the French state, in the case of SNCF), which must either give the EPIC new resources or automatically guarantee the sums for which the EPIC is held liable by court order. If an EPIC is dissolved, its assets and liabilities would be transferred to the authority responsible for its creation. Consequently, the French state would have to service SNCF's debt directly if the company were dissolved.

From a legal standpoint, the company benefits from a statutory ultimate guarantee from the state on all of its parent company's obligations, which amounted to 85% of the group's debt in 2007.

Although the status-induced guarantee falls short of a timely callable guarantee, the importance and status of SNCF lead us to conclude that support from the state would be provided if necessary.

European Commission probes state guarantees

The European Commission (EC) is increasing the scrutiny of state guarantees--although the guarantee is implicit in the case of French EPICs--and this could put pressure on the rating on SNCF in the long term.

The EC reiterated in its April 2008 communication on railway undertakings that it seeks the total removal of unlimited guarantees by 2010. Moreover, it tried to frame more precisely possible state aids to support loss-making freight units and purchase rolling stock. Increasing scrutiny on an entity usually comes with the deregulation and gradual opening of the entity's market.

For SNCF, the deregulation of international passenger traffic (expected by early 2010), large acquisitions in the logistics sector, or the outcome of the EC's investigation into the implications of the EPIC status could eventually constrain the state's ability to provide support under the status or create potential delays to this support.

However, the EC has no ability to oppose any state support that would be made in an economic way (i.e. where the state would provide support in the same way any private owner acting rationally would because of the expected returns on that support). To avoid cross-subsidization issues, we understand from the management that SNCF's parent company adds a margin--based on the subsidiary's perceived credit quality--to its funding cost when it finances its subsidiaries.

If SNCF were to lose the benefit of its implicit state guarantee or if the expected terms of the latter were to weaken

due to outside constrain, we could adopt a top-down rating approach to SNCF, where the default risk is assessed downward from the sovereign rating. Fully state-owned German Deutsche Bahn AG (DB; AA/Stable/A-1+) and Norwegian Norges Statsbaner AS (AA/Stable/A-1+), which do not benefit from ultimate guarantees or special liquidity mechanisms, are lowered two notches from their respective sovereign ratings.

Competitive position expected to weaken

After years of slow progress, the liberalization of railway activities has accelerated and its scope has become clearer. This will put mounting pressure on SNCF to improve its weak efficiency. About 58% of 2007 revenues--stemming from the company's urban and public transport and freight and logistics transport divisions--were already exposed to competition, although this competition has only effectively started in the freight division. Up to 80% of revenues could be progressively opened to competition by 2010, assuming the full opening up of national and international passenger transport markets.

Currently, the four main divisions are exposed to different levels of competitive pressure:

- The long-distance passenger transport division is not really subject to rail competition, but does compete with alternative means of mass transport. The EU Transport Council set Jan. 1, 2010, as the date international passenger transport will be opened up to competition. French and European transport operators have already expressed their interest to run high-speed services in France.
- Urban and public transport is already operating under competition in France and abroad. Since 2002 (2006 for Ile-de-France), the French metropolitan regions have obtained from the state the responsibility for regional train services, which they contracted out to SNCF for five years and mostly on lump-sum bases. Since 2006, all regions that had their five-year contracts due for renewal have renewed them with SNCF. No private group has been able to win any of the tenders as yet. Meanwhile, SNCF's Keolis is increasingly obtaining management contracts abroad to operate local and regional train services. Competitors and/or the EC could look into this at some point, calling for more market opening reciprocity.
- The freight transport market has been open to competition since March 2006. Competitors' market share has grown more rapidly than seen in other countries: The volumes gained by competitors represented a marginal 0.5% of the French market between April and December 2006 but should reach up to 10% in 2008, according to SNCF. In Germany, it took six years before new market participants exceeded 2% of the market. The logistics part of the freight segment is fully exposed to a very competitive environment.
- Infrastructure is still largely insulated from competition because SNCF has a legal monopoly over traffic management as well as the renewal and maintenance of existing railway infrastructure (which is RFF's responsibility but remains outsourced to SNCF, which still employs the related staff). The division's operating efficiency is low, given its very large payroll (55,000 employees for a network of less than 30,000 kilometers). SNCF and RFF signed a four-year contract in May 2007. This €11 billion contract defines and regulates SNCF's obligations regarding maintenance and renewal of the French rail network for the 2007-2010 period. The plan defines the productivity improvement that SNCF is expected to deliver and introduces some limited reward/penalty mechanisms.

Regulation: Becoming a more stringent and costly framework

SNCF has until recently operated under a relatively benign regulatory regime, and most decisions were made by the government directly or indirectly through RFF, particularly regarding TACs. However, this situation changed considerably in September 2008 when the French government set up an independent regulator to:

- Enhance the French freight market framework;
- Prepare for the opening to competition of international passenger routes from 2010 onward; and
- Answer the EC's requests for more and clearer separation between the incumbent rail operator and the rail infrastructure manager.

This authority will be composed of seven members, renewed every six years, whose prerogatives will include suggesting the ranges and bases of TACs, approval and control of surety, and market competition. Thus, TACs will no longer be an indirect governmental means of support to SNCF as low TACS would also support the development of SNCF's competitors on the French market.

In parallel, the government also seeks to improve RFF's financial ability to fund large investments on the French rail infrastructure and make the level of TACs reflect true costs for RFF. A November 2008 decree, applicable from December 2009, modified and clarified existing French laws regarding TACs: These should be based on a fixed element, complemented by a floating part based on volumes. Moreover, it underlined the principle that TACs must cover the costs of operating and maintaining the network. It also states that TACs from high-speed lines will subsidize the repairs on the other non-high-speed sections of the network. During the course of 2009, the government will decide what tariffs will be applicable to the 2010-2015 period.

We expect SNCF to suffer from higher TACs from 2010 onward, which could hurt the profitability of its VFE and freight businesses.

Finally, we do not expect SNCF's monopoly on infrastructure maintenance and renewal for the existing network to be questioned in the short to medium term. French Law 2006-10 relating to transport safety and development authorized the use of public-private partnerships (PPPs) for new build, however.

A stronger mandate to develop increasingly into competitive sectors such as logistics

A mission statement from the French president to SNCF in February 2008 pressed the company to expand the size of its international logistics and freight operations and to develop international passenger transportation activities in order to fund improvements of its service in France. A greater exposure to competitive activities, especially outside France, is likely to make timely government financial support to SNCF somewhat more difficult.

As expected, SNCF's development into logistics accelerated significantly in 2008. In July, SNCF concluded its acquisition of the full ownership of its French logistics subsidiary, Geodis, for about €600 million in cash. Moreover, SNCF also announced at the same time its plans to acquire a majority stake in Import Transport Logistik, a small German logistics company, for an undisclosed amount. During 2008, Geodis further announced the acquisition of Rhode and Liesenfeld, a German maritime and air logistics provider; in December 2008 Geodis announced that it was acquiring IBM Global Logistics, International Business Machines Corp.'s fourth-party logistics (4PL) unit for an undisclosed cash amount.

These acquisitions are in line with our expectations of SNCF's gradual transition toward competitive activities. As we have previously indicated, we will continue to follow very closely the scope and speed of this development, which may lead us to gradually further differentiate the rating on SNCF from the sovereign rating on the Republic of France.

Weak operations will undermine business risk in the absence of massive efficiency gains

Despite recent improvements, SNCF is still far behind its best competitors in terms of productivity and remains overstaffed; The acceptance by personnel of an efficiency-driven strategy will be instrumental to boost profitability; however, unions' expected resistance should not be underestimated.

The risk associated with the opening up of the passenger market is that new incumbents cherry-pick the most lucrative parts of SNCF's business. Given that the company's long-distance national passenger transport division currently generates the bulk of SNCF's EBITDA and is expected to be open to competition in 2010, the group's profitability could come under some pressure. To limit the impact of competition on the international passenger market expected by 2010, nine European high-speed train operators as well as the joint ventures Eurostar, Thalys, and Lyria formed the "Railteam" alliance in July 2007. This alliance expects to offer a common booking system, simplified ticketing, and better-integrated frequent traveler benefits to provide travelers an alternative to the airline alliances on international short- to medium-haul journeys.

Over the last few years, SNCF has progressively aligned its yield management techniques to those of the airline industry: The conditions of a ticket refund or exchange have become stricter since 2007 for trains where booking is mandatory. The new pricing structure now distinguishes between leisure and professional travelers. SNCF's aggressive commercial strategy vis-à-vis alternative modes of transport such as air transport and its yield management policy, with early booking and discount fares available on the Internet, have already proved successful. The new pricing policy will continue boosting occupancy rates and profitability.

The attempts to restructure Fret SNCF have not met their objectives despite a massive €1.5 billion plan launched in 2004. This is owing to strikes, increasing competition, loss of clients, and rising energy costs, among other reasons. Additional steps will be needed to restore efficiency because the division still lags its competitors' productivity. Fret SNCF's aim to reach breakeven by 2010 could prove difficult. It continues to face the resistance and low flexibility of its large workforce. Additionally, recurrent strikes undermine Fret SNCF's revenue-generating capability and market strength, as its customers seek reliability and predictability. The company continued to reduce its approximately 25,000 headcount (1,100 jobs were cut in early 2008) and sought to improve the flexibility of its workforce. Part of the improvement will also be predicated on the renewal of the aged freight rolling stock and rail infrastructures, which should reduce maintenance costs and train stoppages. SNCF's ongoing investments in tracks, new locomotives, and freight wagon types should progressively enhance Fret SNCF's flexibility and service level.

Traffic

Passenger volumes continued to increase in the first half of 2008 after a good performance in 2007: Passenger traffic rose by 5.9% at VFE, while metropolitan traffic rose by 6.4%. Traffic at Thalys and Eurostar continued to be strong as well. Overall, over the 18 months to June 2008, SNCF benefited from the addition of new train capacity at an international, national, and regional level; rising oil prices, which made trains more attractive; as well as a still supportive macroeconomic environment.

However, from mid-2008 onward, SNCF has suffered from worsening economic conditions across Europe, a fall in oil prices, recurrent strikes, as well as the fire in the Channel Tunnel. Thus, we expect passenger volumes were flat over 2008, which is likely to continue in 2009 because the decrease in some discretionary travel would be offset by the trading down from passengers usually using alternative transport methods. In addition, we expect rail freight services and logistics to suffer from the overall economic environment, both in the second half of 2008 and in 2009. Freight services are exposed, in particular, to the volatile automobile sector and other discretionary consumer goods.

Profitability is below average and will be under pressure from 2008

SNCF's profitability has improved over the past few years but is still below that of its peers (DB, Russian Railways, and NS Groep N.V.). It remains hampered by the poor performance of the freight and infrastructure divisions. We expect SNCF's profitability to remain flat or deteriorate slightly in the next two to three years, mainly due to increasing competitive pressure on SNCF's most profitable unit, VFE, and rising TACs, the cost of which may not be passed on in full to customers.

The final effect of the future TAC system remains to be seen. In the medium term, it could mean an important rise in TACs paid by SNCF to RFF (which represented about €1 billion net of French regions' contributions for infrastructure fees in 2007). Given the deteriorating macroeconomic environment and rising competition in the French rail freight market, it is unclear whether SNCF will be able to pass on these additional costs without losing market share or hurting passenger volumes.

In addition, since 2008, SNCF must indemnify passengers in case of failure to provide a minimum service under four situations (strikes, unplanned works, adverse climatic conditions, and cease of operations following an incident). Quality and reliability of service will prove key to limiting the cost that this new obligation could entail. So far, SNCF has satisfactorily responded to strikes' effect on traffic.

In the first half of 2008, revenues rose 7%, benefiting from strong passenger traffic and the consolidation effect (22% of revenue growth) of the Rohde and Liesenfeld company and freight management business acquired in November 2006.

Operating income at the group level was spurred by the strong contribution from the VFE unit, which was supported by traffic and its higher profitability. However, adjusted EBITDA reached 8.5% of revenues, down from 9.3% in the first half of 2007, as operating costs rose to accommodate higher energy and staff costs. Furthermore, the group suffered from a rise in environmental provisions.

Financial Risk Profile: High Leverage Reflects High Debt, Negative Free Cash Flow, And Weak Credit Metrics

Accounting

SNCF's transition to International Financial Reporting Standards (IFRS) in 2007 has improved transparency as well as ease of comparison with other entities that have already adopted IFRS. As expected, significant accounting changes have been implemented including those affecting the special debt account and pension liabilities.

Auditors issued a qualified report for the six months to June 30, 2008. They indicated that they were unable to give an opinion on the fair value of the SNCF Fret's and SNCF Infrastructure's fixed assets as part of the impairment tests that SNCF performed.

In August 2008, RFF and SNCF finally agreed on the devolution of some fixed assets after years of disagreements. The impact is not significant for SNCF: Assets decreased by €32 million and results increased by €57 million during the first half of 2008.

Special debt account.

A special debt account (€6.2 billion at June 30, 2008), which was set up in 1991 to isolate part of SNCF's debt, is now on the balance sheet under IFRS. Because a corresponding claim on the French state is registered on the asset

side (the state has regularly acknowledged it was liable for this debt account and services it by an annual €677 million state subsidy), we will continue to exclude it from SNCF's debt obligations.

In September 2007, Eurostat required this special debt account to be included in the Republic of France's debt, emphasizing the state's responsibility. Therefore, the claim on the French government has been replaced by a claim on the CDP (Caisse de Dette Publique), an EPIC managed by the French treasury. On the debt side, the debt will remain in SNCF's debt and will exactly mirror the asset side claim. The impact is neutral to SNCF's debt position and credit risk.

Postretirement obligations.
The bulk of SNCF's unfunded postretirement liabilities has been addressed for the implementation of IFRS. To avoid the presentation of massively negative equity, the state has created an independent legal entity to which SNCF transferred €31.1 billion of net unfunded personnel benefits in May 2007. Following the reform, SNCF has a defined contribution pension system.

Before the creation of this entity, SNCF had €32.3 billion of unfunded obligations at year-end 2006. This amount has decreased to €1.1 billion at Dec. 31, 2008, which corresponds to the company-specific pension benefits.

During 2006 and 2007, SNCF's interest coverage ratios suffered from the increase in financial charges related to the unwinding of SNCF's past pension obligations. However, we expect interest coverage ratios to improve from 2008 onward due to a significant decrease in these charges. These accounted for €699 million in 2007 and should decrease to less than €50 million annually from 2008.

Other main adjustments.
Following a reform of the railway sector in France in 1997, responsibility for €20.5 billion of SNCF's infrastructure-related debt was allocated to RFF, with the debt remaining on SNCF's balance sheet. Because the debt (€2.4 billion at June 30, 2008, and €3.7 at Dec. 31, 2007) is effectively assumed and serviced by RFF, we exclude it from SNCF's direct debt obligations.

In addition, we adjust SNCF's debt for fair value hedges. We strip out the overall fair value hedge amount of €358 million from debt, as debt would have been increased by this amount. Similarly, we also exclude the €169 million of accrued interest on derivatives from debt.

In our net debt ratios, we give credit to the group's cash and cash equivalents including money market funds with a maturity of fewer than three months, which can easily if not immediately be made available. These stood at €3.4 billion at year-end 2007. We also account as available cash the about €460 million in financial assets invested in assets rated 'AA-' or above.

We adjust debt to include financial guarantees given by SNCF to third parties, which amounted to €1.2 billion at year-end 2007 (€837 million in 2006).

Table 2

Reconciliation Of Societe Nationale des Chemins de Fer Francais Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €)*

	--Fiscal year ended Dec. 31, 2007--								
Societe Nationale des Chemins de Fer Francais reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	23,664 0	7,888.0	2,746.0	2,746 0	1,548.0	1,201.0	1,973 0	1,973.0	2,025.0
Standard & Poor's adjustments									
Operating leases	1,265.3	--	273 5	54.6	54.6	54.6	218.9	218 9	564.6
Postretirement benefit obligations	750.3	--	--	--	--	699.0	(39 4)	(39 4)	--
Additional items included in debt	1,234.0	--	--	--	--	--	--	--	--
Surplus cash and near cash investments	(3,884 0)	--	--	--	--	--	--	--	--
Asset retirement obligations	21 7	--	--	--	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	1,071.0	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	81.0	81 0	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(73.0)	--
Minority interests	--	348 0	--	--	--	--	--	--	--
Other	(13,900 0)	--	--	--	--	(734 0)	--	--	--
Total adjustments	(14,512 7)	348 0	273.5	54.6	1,125 6	19.6	260 5	187.5	564 6
Standard & Poor's adjusted amounts									
	Debt	**Equity**	**Operating income (before D&A)**	**EBITDA**	**EBIT**	**Interest expense**	**Cash flow from operations**	**Funds from operations**	**Capital expenditures**
Adjusted	9,151 3	8,236.0	3,019 5	2,800.6	2,673.6	1,220 6	2,233.5	2,160 5	2,589 6

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively) Consequently, the first section in some tables may feature duplicate descriptions and amounts

Corporate governance/Risk tolerance/Financial policies

The government is involved with and monitors SNCF closely. The company is subject to supervision by the ministry responsible for transport (for technical matters) and the ministry of finance (for economic and financial affairs such

as provisional balance sheets, accounting documents, and large capital investment decisions). Like all EPICs, the group is subject to the control of the state auditing agency. The company's 18-member board of directors includes seven government officials and five additional state appointees, and its chairperson is selected by France's cabinet of ministers.

To strengthen its analysis and decision-making capacity, SNCF's board of directors has set up audit and risk committees as well as various commissions dealing with contracting, financial management, financial statements, restructuring, investments, and disposals.

For the first time in SNCF's history, it paid out a dividend to its owner, the French government, for the year to December 2007 (€131 million). However, the dividend payout ratio is low at 12.6% and is not expected to increase materially.

Over the past few years, SNCF has dedicated the proceeds of asset sales mainly to debt amortization, illustrating financial discipline and commitment to improve the financial profile.

However, SNCF's acquisition strategy has become more aggressive over 2008 as the company seeks to reinforce the international presence of its freight and logistics units. In 2008, SNCF acquired the remaining stake in Geodis it did not own, Transport Logistik, Rhode and Liesenfeld, and IBM Global Logistics for a total amount of at least €730 million.

Any midsize acquisition would have to be debt financed (in effect through a reduction of the current large available cash position), unless funded by further asset sales. SNCF has limited free cash flow and cannot raise new equity. It would also require the approval of the French government.

SNCF's medium-term objective is to slightly increase debt levels to fund its external growth into logistics and its increasing capital expenditure program from end-2007 debt levels.

Cash flow adequacy

SNCF's credit protection ratios remain weak for the rating, although they have improved over the past few years.

FFO to adjusted net debt improved to 23.6% in 2007, up from 16.8% one year earlier, boosted by stronger operating results and cash flow generation and lower adjusted debt. Although FFO to interest improved to 2x from 1.1x on the back of increasing cash flow generation, it remains very weak compared with SNCF's peers. EBIT interest coverage stood at 2.2x in 2007, which remains extremely weak as well.

Capital expenditures will increase in the short to medium term as SNCF is amid an ambitious rolling stock renewal program across sectors and is required to enhance the quality of services to passengers, in particular in the greater Paris area. Growing investments combined with acquisitions are likely to drive SNCF's net debt up in 2009.

Capital structure/Asset protection

SNCF's capital structure is weak. SNCF's financial profile improved over the last few years but could start deteriorating again over medium term, due to rising debt and a more challenging business environment.

Leverage (measured as debt to debt plus equity) was high at 52.6% on Dec. 31, 2007, though slightly lower than the 59.7% at year-end 2006. This high leverage reflects SNCF's historic undercapitalization and low profitability. The decrease in leverage reflects ongoing efforts to improve SNCF's financial profile and development capability as well as a growing cash surplus in 2008. Reported gross debt reductions continued during 2008. However, 2009 adjusted

debt could remain flat due to acquisitions made during the year.

Nevertheless, the company enjoys strong liquidity and a high degree of flexibility, thanks to its strong links with the state and its ample access to bank lines and the capital markets. If necessary, French public bodies may obtain cash advances from a special account held by the French treasury. These advances do not require any specific parliamentary approval and are accorded at the discretion of the ministry of economy and finance.

SNCF's debt maturity profile is relatively even and shows no particular refinancing peak. Given its still negative free cash flow generation, SNCF will continue refinancing its debt as it falls due, mainly through long-term bond issues.

About 96% of debt is at fixed rate or hedged to fixed from floating rate; similarly, foreign currency exposure is fully hedged. SNCF enters into a variety of foreign exchange, interest rate, and commodities instruments. Although most of these instruments are matched specifically against corresponding borrowings, some derivative instruments may not qualify as hedging under IFRS. At June 30, 2008, the estimated market values of derivatives (which correspond to the amount payable or receivable to cancel these commitments), excluding accrued interest, were negative €664 million for currency swaps (versus negative €493 million at year-end 2007) and positive €54 million for interest rate swaps (versus negative €2 million at year-end 2007).

Various securities have been granted to the lenders of Ermewa or Keolis banks as a guarantee against the repayment of amounts borrowed. Given the relative size of these companies compared with the group and as the bulk of assets and revenues are situated in the parent company, this does not affect the standing of the parent company's debtholders.

Table 3

Societe Nationale des Chemins de Fer Francais -- Peer Comparison*

(Mil. €)	Societe Nationale des Chemins de Fer Francais	Deutsche Bahn AG	Russian Railways (JSC)	NS Groep N.V.
Corporate credit rating¶	AAA/Negative/A 1+	AA/Stable/A-1+	BBB/Negative/	AA/Stable/--
	--Fiscal year ended Dec. 31, 2007--			
Revenues	23 691 0	33,254 0	28 627 3	4,040 0
Net income from continuing operations	1 042 0	1,701 0	4 027 2	337 0
Funds from operations (FFO)	2 160 5	4,069 0	6,953 0	615 9
Capital expenditures	2 589 6	3,531 5	8,194 7	693 1
Cash and short-term investments	0 0	0 0	1,165 8	572 0
Debt	9 151 3	18,268 5	7 856 4	7 0
Equity	8 236 0	11,160 0	38,486 7	4,104 5
Debt and equity	17,387 3	29 428 5	46,343 1	4,111 5
EBIT interest coverage (x)	2 2	3 0	19 5	6 3
FFO interest coverage (X)	2 0	3 9	19 7	7 9
FFO/debt (%)	23 6	22 3	88 5	8,775 3
Discretionary cash flow/debt (%)	(4 1)	2 0	(0 9)	(5,716 5)
Net cash flow/capital expenditures (%)	82 6	114 9	84 5	78 9
Debt/debt and equity (%)	52 6	62 1	17 0	0 2
Return on common equity (%)	(12 7)	17 0	10 9	8 5

Table 3

Societe Nationale des Chemins de Fer Francais -- Peer Comparison* (cont.)

Common dividend payout ratio (unadjusted) (%)	12.6	0.0	0 4	35.0

*Fully adjusted, as appropriate, detailed adjustments can be found in each company's full report--article type "Analyses"--on RatingsDirect ¶At Jan 23, 2008

Table 4

Societe Nationale des Chemins de Fer Francais -- Financial Summary*

	--Fiscal year ended Dec. 31--				
(Mil. €)	**2007**	**2006**	**2005**	**2004**	**2003**
Rating history¶	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA/Stable/A-1+
Revenues	23,691.0	21,965.0	20,994.0	22,059.0	22,523 0
Net income from continuing operations	1,042 0	168.0	1,271 0	323.0	11 0
Funds from operations (FFO)	2,160.5	1,713.0	1,568.1	1,513 9	1,441.7
Capital expenditures	2,589.6	2,022 4	1,575.1	1,724.3	1,944 3
Cash and short-term investments	0 0	0 0	523.0	476.0	637 0
Debt	9,151.3	10,223 3	16,044.2	15,260 3	14,847.9
Preferred stock	0.0	0.0	0 0	0.0	0.0
Equity	8,236.0	6,888.0	(2,448 2)	(1,914.2)	(1,625.5)
Debt and equity	17,387.3	17,111 3	13,596.0	13,346.2	13,222.4
EBIT interest coverage (x)	2.2	1.6	0.9	0 7	0.3
FFO interest coverage (x)	2.0	1 1	2.3	2 4	2.3
FFO/debt (%)	23.6	16 8	9.8	9 9	9 7
Discretionary cash flow/debt (%)	(4 1)	(4.7)	0 6	(1.8)	(2.0)
Net cash flow/capital expenditure (%)	82 6	83 9	99.0	87.1	73 8
Debt/debt and equity (%)	52.6	59.7	118 0	114.3	112.3
Return on common equity (%)	(12 7)	(1.7)	31.9	10.5	0.3
Common dividend payout ratio (unadjusted) (%)	12.6	0.0	0 0	0.0	0.0

*Fully adjusted (including postretirement obligations) Excess cash and investments netted against debt ¶Corporate credit rating at end of 12-month period

Ratings Detail (As Of January 23, 2009)*

Societe Nationale des Chemins de Fer Francais		
Corporate Credit Rating		AAA/Negative/A-1+
Commercial Paper		
Local Currency		A-1+
Senior Unsecured (34 Issues)		AAA
Short-Term Debt (1 Issue)		A-1+
Corporate Credit Ratings History		
24-Sep-2008	*Foreign Currency*	AAA/Negative/A-1+
27-Apr-1990		AAA/Stable/A-1+
23-Nov-1981		AAA/--/A-1+
24-Sep-2008	*Local Currency*	AAA/Negative/A-1+
10-Nov-1995		AAA/Stable/A-1+
23-Nov-1981		--/--/A-1+

Ratings Detail (As Of January 23, 2009)*(cont.)

Debt Maturities

At Dec. 31, 2007 (including finance leases, but excluding neutralization of swap impacts, debt maturities covered by RFF, and the state-related SAAD)
2008: €3.36 bil.
2009-2012: €7.52 bil.
Thereafter: €7.22 bil.

Related Entities

Agence Francaise de Developpement	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	AAA/A-1+
Senior Unsecured (19 Issues)	AAA
Short-Term Debt (1 Issue)	A-1+
Subordinated (2 Issues)	AA
Caisse Centrale de Reassurance	
Financial Strength Rating	
Local Currency	AAA/Stable/--
Issuer Credit Rating	
Local Currency	AAA/Stable/--
Caisse d'Amortissement de la Dette Sociale	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (84 Issues)	AAA
Short-Term Debt (2 Issues)	A-1+
Caisse Nationale des Autoroutes	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured (10 Issues)	AAA
France (Republic of)	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (3 Issues)	AA+
Senior Unsecured (73 Issues)	AAA
Senior Unsecured (1 Issue)	AAA/Stable
Short-Term Debt (1 Issue)	A-1+
Reseau Ferre de France	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	A-1+
Senior Unsecured (38 Issues)	AAA
Senior Unsecured (1 Issue)	AAA/A-1+
Societe Anonyme de Gestion de Stocks de Securite	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Local Currency	A-1+
Senior Unsecured (5 Issues)	AAA

Ratings Detail (As Of January 23, 2009)***(cont.)**

Societe de Financement de L'Economie Francaise (SFEF)

Senior Unsecured (1 Issue)	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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MOODY'S
INVESTORS SERVICE

ANALYSIS

Société Nationale des Chemins de fer Français

Paris, France

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This Analysis provides an in-depth discussion of credit ratings for Société Nationale des Chemins de fer Français and should be read in conjunction with Moody's most recent rating opinion and rating information available on Moody's website

Corporate Profile

Société Nationale des Chemins de Fer Francais ("SNCF" or the "Company", rated Aaa/Prime-1) is the national railway operator in France. It also manages the railway infrastructure on behalf of the owner, Réseau Ferré de France ("RFF"). The Company is a French public entity with autonomous management established under the special status of an établissement public à caractère industriel et commercial (EPIC). SNCF is fully owned by the French state.

Created by a special act of law in 1982, SNCF's objectives and business scope were substantially changed as part of the Reform Law in 1997, which led to the separation of the country's railway operations and infrastructure and the transfer of the ownership of the national railway network to RFF, with SNCF retaining the network management. Including its subsidiaries, SNCF employed 200,097 people as at December 2009.

Management Strategy

SNCF's management strategy is based on the following four building blocks::

» Further developing traffic in the high-speed network. Over recent years, SNCF has successfully expanded its TGV services to a number of domestic and cross-border destinations, with the group now operating Europe's largest high-speed train network. Following the completion of the first tranche of TGV Est (a new high-speed network connecting Paris to Strasbourg), SNCF will further leverage its domestic franchise and expand cross-border services with the development of an additional 2,000 km of high-speed lines to be launched by 2020, which will allow the group to double train traffic by 2025.

» Taking advantage of the opportunities offered by the gradual liberalisation of the European railways market through the development of its cross-border high-speed trains and the pursuit of smaller international passenger franchises through its Keolis joint venture. Moreover, in 2009, SNCF entered the Italian high-speed rail market with the acquisition of a 20% stake in the Italian high-speed railway operator Nuovo Trasporto Viaggiatori (NTV) for a total consideration of €80 million (the operations will start in 2011).

» Developing its freight and logistics activities through acquisitions in the logistics sector (Geodis, TNT, IBM logistics).

» Strengthening its regional and urban transportation arm to meet the challenges of both an expansion of the sector and the increasing requirements of the local regional authorities (Autorités Organisatrices, or "AOs").

Rating Rationale

In accordance with Moody's government-related issuer (GRI) rating methodology, SNCF's Aaa issuer rating reflects the combination of the following inputs:

i. A Baseline Credit Assessment (BCA) of 7 (on a scale of 1 to 21, where 1 represents lowest credit risk and 7 equates to A3). The BCA is a measure of the company's stand alone financial strength (without the assumed benefit of government support).

ii. The Aaa local currency rating of the French government;

iii. The high probability of government support;

iv. The very high dependence.

On 25 June 2010, Moody's affirmed the Aaa and Prime-1 ratings of SNCF but changed the outlook on the long-term Aaa rating to negative from stable. At the same time, Moody's lowered to 7 from 6 the group's BCA.

SNCF's rating remains Aaa, despite the lowering of its BCA, because we continue to believe that extraordinary financial support from the French State would be forthcoming if it were needed. Moody's notes that SNCF's BCA was lowered to 7, which corresponds to a rating of A3 on a

standalone basis, because the company's financial performance has recently materially deteriorated. The change in the BCA did not, however, drive the change in the outlook on the debt rating.

The High support is based on its proximity to the French State as the transportation service provided by SNCF is perceived as central to the core missions of the State, as well as the legal status of the group as a state-owned public entity and its special EPIC status, which points out to strong support from the French state. It also reflects the strategic and political importance of SNCF as the current monopoly provider of public railway services in France. Moody's expects strong financial support from the French government, as evidenced by the transfer of unfunded pension commitments to a third independent entity, relieving the group of a great financial burden. The rating agency notes that there are no plans for SNCF's privatisation over the medium term.

In summary, Moody's expectation that SNCF would be supported by its 100% shareholder, the French state, is based on: (i) SNCF's EPIC status; (ii) its low privatization risk in the foreseeable future; (iii) its close link with the state, which is ensured by its governance structure; and (iv) the strong financial support that the state has provided in the past.

The Very high dependence reflects the strong relationship between SNCF and the French state, given (i) the geographic focus of SNCF's core activities in France; and (ii) the importance of a functioning rail passenger/freight transportation and infrastructure to the country's economy. The high level of dependence that Moody's currently assumes between SNCF and the French state implies that it is very difficult to envisage a scenario in which the French government defaults and yet SNCF does not.

To provide an overall indication of SNCF's credit quality on a stand-alone basis (BCA), Moody's has applied its Global Passenger Railway Companies Rating Methodology, published in December 2008. The BCA of 7, equivalent to an A3 corporate family rating (CFR), is broadly in line with the indication provided by Moody's methodology grid outcome (A2) and factors in: (i) SNCF's strong high-speed network; (ii) its role as monopoly provider of regional transportation, supported by long-term contracts with the regions of France; and (iii) the diversification of its operations beyond the core railway transportation services (Keolis and Geodis).

However, the BCA also considers: (i) Moody's expectation that SNCF's weaker-than-expected performance, combined with the ambitious capital investment plan currently under way, will further limit the group's future free cash flow (FCF) generation, thereby tempering the pace with which its financial profile recovers to a level in line with a BCA of 6 over the medium term; (ii) the challenges SNCF faces in improving its operating efficiency, mainly due to inflexible labour structures; (iii) the low remuneration that SNCF receives from RFF for its infrastructure activity; and (iv) the increasing competition from domestic and international rail operators as a consequence of the greater deregulation and liberalisation of the European railway industry.

Rating Drivers

In order to examine the credit risk of passenger railway companies and assign ratings to them, Moody's applies the five broad factors set out under the Global Passenger Railway Companies Rating Methodology. In addition to these broad metrics, the methodology contains a number of sub-factors and specific metrics. Those factors currently influencing SNCF's BCA are as follows:

FIGURE 1

SNCF's Rating Grid as at 31 December 2009

Global Passenger Railway Companies	Aaa	Aa	A	Baa	Ba	B	Caa
Rating factors							
SNCF's Rating Grid as at 31 December 2008							
Factor 1: Scale and diversification							
a) Revenues	$34,669						
b) Segmental diversification		X					
Factor 2: Market position							
a) Stability of Operating environment	X						
b) Market Characteristics	X						
c) Intramodal competition	X						
d) Inframodal competition		X					
Factor 3: Cost position and profitability							
a) EBITA margin						3.4%	
b) (PT+PK) / Total employees				X			
C) EBIT / Total Assets							0.6%
Factor 4: Financial policy, liquidity and capital structure							
a) Debt / Book Capitalisation			64.5%				
b) Debt / EBITDA							9.1x
c) Liquidity			X				
Factor 5: Financial strength							
a) FCF / Debt					-5.0%		
b) RCF / Net Debt			10.5%				
c) FFO interest coverage	6.1x						
Rating:							
a) Indicated BCA from Methodology Grid			6 (A2)				
b) Actual BCA Assigned			7 (A3)				

Factor 1: Size and Diversification

SNCF is one of the largest railway and transport operators in the world, with total consolidated revenues of €24.9 billion in 2009, of which nearly 80% came from its parent railway company. SNCF's scale of revenues and a good segment diversification position the group in the Aa rating category for this factor.

FIGURE 2

Subsidies and publice Service compensation received by SNCF

		2009	2008	2007	2006
Public Service Orders	RFF	4,333	4,062	3,836	3,812
	Regions & STIF	3,854	3682	3,442	2,412
	State	254	242	249	252
Subsidies for financial and social security expense	Operating	33	23	21	21
	Investments	1,131	1354	1,055	852
	Pensions		-	1,392	2,636
	Special debt Account		-	404	627
Total		**9,605**	**9,363**	**10,399**	**10,612**

Source: SNCF Annual Reports

SNCF is moving to a decentralised structure with different business divisions, and as part of this process is disconnecting the legal part of the business from the operating one. The group's main divisions are:

Passenger – France Europe (SNCF Voyages)

This division operates the group's domestic long-distance passenger trains – both the high-speed (TGV) services and the international joint ventures Thalys and Eurostar – as well as its distribution operations.

Passenger – Public Transport (SNCF Proximités)

SNCF Proximités principally comprises the passenger transport activities of the group that are performed contractually with public authorities, i.e. its regional express service TER, its Ile-de-France network Transilien and its minority stake in Keolis (which operates trains in the UK and buses, trams and subways in France and other European countries). In 2005, the Corail intercity activity was transferred to this division from SNCF Voyages' portfolio of activities.

Freight and Logistics (SNCF Geodis)

This division's activities include rail freight, parcels carriage and logistics services (Geodis), port shipping and logistics, and combined rail-road transport.

Infrastructure (SNCF Infra)

SNCF Infra handles infrastructure management and provides maintenance, signalling and traffic management services that have been delegated to SNCF by provision of law.

Stations (Gares & Connexions)

This division manages SNCF's stations to ensure open access to the stations following the EU rail liberalisation framework to ensure fair treatment of all rail operators regarding access to standard services in French stations.

Shared Services

Some support functions, including traction, rolling stock maintenance and real estate, remain centralised in the "Shared Services" division.

FIGURE 3

Operational highlight 2009 Activity and Results by Division

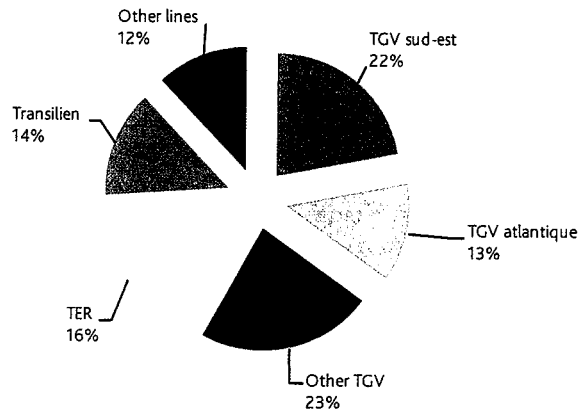
Eur mln.	REVENUES	EBITDA	EBITDA MARGIN
Passenger France - Europe	7,375	1,151	15.6%
Passenger Public Transport	6,579	302	4.6%
Freight & Logistics	7,377	-49	-0.7%
Infrastructure	5,146	-92	-1.8%
Shared Services	4,775	376	7.9%
Inter branche	-6,372	-	-
Total	**24,880**	**1,688**	**6.8%**

Source: SNCF Annual Reports

Factor 2: Market Position

FIGURE 4

SNCF: Passengers Transportation Break Down Per Type Of Service Utilised



Source: "Version provisiore du 47e rapport à la Commission des comptes des transports de la Nation »

SNCF is the main railways company in France. It operates in one of the most favourable operating environments in Europe (approximately 34% of the group's consolidated revenues derives from services provided to regional authorities, government or government-related entities (RFF)).

In terms of passenger services, SNCF holds a monopolistic position in France in both domestic high-speed and rail regional transportation. However, this situation might change in the future. In January 2010, the European market for international passenger rail services was opened up to competition. Moreover, the European regulation 1370/2007 ("*Obligation de service public*") indicates rules of public passengers transport services, and marks a gradual transition to the awarding of public contracts by competitive tenders. This regulation is expected to fully come into force by 2019, although authorities may elect to tender contracts or provide the services themselves before that time. According to this regulation, SNCF's monopoly would end in 2012/13 at the earliest. However, Moody's views

competition risk as very limited over the medium term, given the French market's relatively high barriers to entry.

High-speed rail transportation is SNCF's main rail passenger activity, representing approximately 60% of the group's passenger volume in 2009. SNCF is the European leader in high-speed rail transport and, as result, in 2008, France represented around 54% of the high-speed market in the EU in terms of passenger kilometres (pkm), according to Eurostat. This strong market position is a result of SNCF and RFF investing significantly in France's high-speed network, which is now approximately 1,900 km in length (the longest in Europe) and connects all the main French regions with Paris. This broad regional coverage of the high-speed network has enabled SNCF to compete successfully with other modes of transport, resulting in very profitable commercial operations for many years.

In addition, SNCF is the monopoly provider for regional rail transportation services in France. These activities are carried out by the group's public transport division. France's regional authorities are responsible for financing these public service operations through their own budget. SNCF received approximately €3.8 billion in fiscal year (FY) 2009 from the country's regional authorities for providing its public services. The regions also give SNCF investment subsidies for the purchase of rolling stock (€1.1 billion in FY 2009). Because SNCF operates in a highly predictable and supportive regulatory framework, with its main market being one the world's richest nations, the group's regional transportation activities maintain relatively stable returns.

In addition to rail services, the SNCF Proximités division, through the group's subsidiary Keolis, encompasses the contractual activities related to bus transportation and other suburban services (such as Tramway and Métro) in France. In these markets, SNCF does not have a monopoly as these kinds of transportation services are currently tendered. SNCF is also internationally active in contractual transportation activities. Keolis has become a key player in urban and suburban passenger transportation markets that have already liberalised, such as the UK and Scandinavia.

In the freight rail segment, SNCF controls approximately 85% of its domestic market. During 2009, new entrants to the market (more notably Euro Cargo Rail and Véolia) increased their market share to 15% from around 5%. Although this line of business was opened up to competition in March 2003, the impact of liberalisation has so far been relatively limited for SNCF. However, Moody's cautions that any increased competitive pressure both on cross-border and domestic routes would exert further pressure on the loss-making freight business, reducing its market share in the most remunerative segment for railway companies and thereby delaying its turnaround.

In terms of infra-modal competition, SNCF gained market share with other modes of transportation up to 2008, but this positive trajectory stopped in 2009 with a 3% decline in the group's market share of the overall transportation market (to 10.65% from 11%)[1]. This decline was a result of SNCF's freight activities, whose volumes fell by 26.3% in 2009 compared with the previous year[2].

SNCF's share of the passenger transportation market remained stable, at approximately 10% (with 86 billion pkm)[3], thanks to the strong performance of the group's local transportation services, which increased by 1.2%[4] in terms of pkm compared with the previous year, compensating for a decline in

[1] Our computation based on «Les transports en 2009 (premiers résultats)", Version provisiore du 47e rapport à la Commission des comptes des transposrts de la Nation, Avril 10 (Ten2009)
[2] From 26.5MTKT in 2009 vs. 35.9 in 2008 (information provided by SNCF.
[3] Ten2009 , p.32 to p.36

high-speed passengers (-0.7%)[5], which was the segment's worse performance since 2003, after a four-year-period (from 2004 to 2008) of growth at an average rate of 5%[6]. Among the other modes of transportation, the car transportation showed good resilience to the crisis, growing by 1%[7].

It is worthwhile noting that, despite the most severe crisis in decades, the French passenger transportation market increased by 0.8% in 2009[8].

Overall, SNCF scores in the Aaa rating category for this factor.

Factor 3: Cost Position and Profitability

SNCF scores in the low Ba rating category for this factor. The group's cost position and profitability are constrained by three main structural factors.

FIGURE 5

Operational Highlights

IN € MIL	REVENUES 2009	REVENUES 2008	CHG. REVENUES 09 VS. 08	EBITDA 2009	EBITDA 2008	CHG. EBITDA 09 VS. 08
Passenger Public Transport	6,579	6,340	4%	302	457	-34%
Passenger France - Europe	7,375	7,469	-1%	1,151	1,573	-27%
Freight & logistics	7,377	8,027	-8%	-49	269	N.S.
Infrastructure	5,146	4,823	7%	-92	13	N.S.
Common operation	-1,597	-1,471	9%	17	279	-94%
Total SNCF Group	24,880	25,188	-1%	1,329	2,591	-49%

Source: SNCF Annual Reports

The first factor is the poor performance of SNCF's freight rail activities, which fall within its Geodis division. SNCF has been working to improve these business activities for several years, with initiatives both directly related to the line of business (cost-cutting programmes, reorganisation of the business model to improve productivity, etc.) and indirectly, with the group increasing integration of its rail freight activities with Geodis's highly synergetic road transportation activities. So far the results have been limited and freight activities continue to be the group's weakest area. Geodis is SNCF's land, sea and air-based freight forwarding and logistics arm. Although Geodis's growth trajectory was temporally interrupted in 2009 due to the negative market conditions, the division's integration with SNCF's freight operations could still offer important upside potential in the medium to long term. The integration of rail and road transportation can create strong synergies, offering both the flexibility that trucks can provide and the economies of scale of rail transportation. The example provided by the "Deutsche Bahn/Schenker's" integration model is clear evidence of its potential and how successful it can be. Indeed, thanks to this new rail/road combined approach, the share of rail freight's share of the transportation market in Germany has increased more rapidly than that of road transportation in the past five years.

Furthermore, Moody's believes that the success of the integration will largely depend on both the cooperation of SNCF freight's labour force and the division's ability to modify its business model to cope with the new challenges that this kind of integration will bring.

The second constraining factor on SNCF's cost position and profitability is the weighting of SNCF's Infra division. Following the reform of the railways in France in 1997, RFF was established to manage track infrastructure. RFF outsourced maintenance, network operation and most of the engineering tasks to SNCF. Terms and conditions of the outsourcing are mainly established by a management agreement ("Convention of Gestion") between SNCF and RFF. The management agreement currently in place will expire in 2010.

Currently, about 25% of SNCF employees are dedicated to operating and maintaining the rail infrastructure and SNCF's Infra division is not considered by the group to be a business line, as its primary function is to assure the high level of efficiency and safety of the network. The remuneration that SNCF receives from RFF for its infrastructure activity is merely at a breakeven level and does not include any meaningful return on capital invested by SNCF in this activity. As a result, given the high number of employees devoted to operating this division, SNCF's overall productivity and returns from this division are limited.

Although SNCF's returns from this activity may increase with the future management agreements with RFF, Moody's expects limited upside potential from this part of the business. However, we recognise that the safety and efficiency of the rail network creates huge external economies that are extremely valuable (although difficult to measure through accounting indicators). Furthermore, superior safety and efficiency standards are a prerequisite for SNCF to maintain its current rating category (rail safety in France is among the highest worldwide). Therefore, an increase on the return from this division, at the expense of a decline in the safety of the network, will exert immediate negative pressure on the rating.

The third factor is the level of access fees paid by SNCF to RFF, which is one of the highest in Europe. During 2009, access fees paid by SNCF increased by 5%, despite a difficult operating environment. Moody's expects further increases in the coming years.

In 2009, several factors linked to the deterioration in the economic cycle (see factor 4) added to SNCF's structural weakness, thereby contributing to a deterioration in SNCF's score for cost position and profitability. This compares with 2008, when SNCF scored in the high end of the Ba rating category.

Factor 4: Financial Policy, Liquidity and Capital Structure

In 2009, SNCF's performance in this factor deteriorated, mainly because of the sharp decline in the group's EBITDA/Retained Cash Flow (RCF) generation capability as a result of the effects of the global economic crisis. SNCF's performance was impacted in two ways.

Firstly, the drop in both industrial production and GDP growth translated into a substantial fall in both traffic from passengers (-2.8%) and from freight transportation (-26%). SNCF's freight division, Geodis, has been particularly impacted by this. Geodis's revenues fell by approximately 16% in 2009 compared with the previous year. However, on a consolidated basis, the stable revenues from SNCF's Infra and Proximités divisions helped to limit the fall in revenues to 1.8%, confirming the group's resilience to the economic cycle.

Secondly, the negative economic environment also affected the group indirectly, through its contractual activities, which were affected by the negative impact of the price escalation indexes applied to these contracts. SNCF has estimated a consequent loss of revenues (and EBITDA) of around €125 million (in the Infra and Proximités divisions).

In addition to these factors, during 2009 SNCF was subjected to a one-off expense in the form of a €325 million increase in its personnel costs. This cost was related to the payments of the so-called "Provision for Progressive Cessation of Activities and Employees Time-Saving Plans" (CPA/CET).

The cumulative effect of the factors described above was a decline in SNCF's EBITDA, to €1.8 billion from €2.5 billion (on non-adjusted basis). As a result of this, SNCF's EBITDA/debt ratio increased to 9.1x (on adjusted basis), and the group's score for factor 4 was negatively impacted.

In terms of capital structure, Moody's notes that, over the past decade, the French state has undertaken considerable measures to reduce SNCF's historically high debt burden. This has given SNCF a sounder financial footing and is evidence of the government's support for the group. In 2008, these measures involved the transfer of around €10 billion of debt from the Special Debt Account debt and pension obligations to the French government. (Please also see "Liquidity", below).

Overall, SNCF scores in the Baa rating category for this factor.

FIGURE 6

Operational Highlights: Evolution Debt, EBITDA and RCF

IN € MILN.	2009	2008	2007
Short Term debt	6,464	8,023	7,766
RFF receivable	88	488	1,336
Public Debt fund receivable	1,313	1,413	2,176
Short Term net	5,063	6,122	4,254
Long Term Debt	14,887	14,646	15,894
RFF receivable	1,856	1,905	2,393
Public Debt fund receivable	3,677	4,731	6,075
Long Term Debt net	9,354	8,010	7,426
Total Net Debt	14,417	14,132	11,680
Debt adjustments	4,685	2,786	3,472
Total Adjusted Net Debt	19,102	16,918	15,152
Cash and cash equivalent	4,101	3,280	3,426
EBITDA	2,096	2,859	3,680
RCF	1,472	2,185	2,014

Source: Moody's Adjusted figures

Factor 5: Financial Strength

The challenging economic environment in which SNCF operated during 2009 not only further weakened its freight activities, but also impacted the results of the group's high-speed operations more than expected. As a result, SNCF's credit metrics at the end of 2009 were substantially lower than Moody's had anticipated.

Several factors are likely to impact SNCF's performance in the coming years, such as: (i) a sluggish economic recovery; (ii) the increase in RFF's track charges, the continued low returns from the activities that are related to the network; and (iv) to some extent, the gradual opening-of the group's main markets to competition.

As a result of the above, SNCF's declining performances, combined with its ambitious capital investment plan currently under way, will limit the group's generation of both RCF and FCF, thereby tempering the pace with which its financial profile recovers to such levels enjoyed in previous post-recession periods.

SNCF's funds from operations (FFO) coverage is strong as a result of group's relative low financing costs.

FIGURE 7
Evolution SNCF's Credit Metrics

FISCAL YEAR ENDING:	2009	2008	2007	2006
EBITA margin	1.1%	4.6%	4.6%	4.1%
FFO interest coverage	6.1	4,9	8.0x	5.4x
Debt / EBITDA	9.1x	5.9x	5.7x	6.6x
Debt / Book Capitalization	64.5%	52.4%	45.0%	53.1%
RCF / Net Debt	10.5%	17.5%	18.6%	13.4%
FCF / Debt	-5.0%	-1.0%	-0.5%	-2.4%

Source: SNCF Annual Reports and Moody's Adjusted figures

Liquidity

Moody's considers SNCF's liquidity profile, up to the end of 2010, to be adequate for its current rating profile. We expect the group's cash needs for the year to be covered by liquidity at hand (approximately EUR 4.1 billion at financial year - end (FYE) 2009), internal cash flow generation (which Moody's expects to be around EUR 2 billion) and availability on their committed credit lines available (financial year - end 2009 EUR 916 million).

SNCF's main cash needs for 2010 will be (i) the group's intensive capital expenditure programme (which Moody's expects to cost approximately EUR 2.5 billion); and (ii) debt repayments, including commercial paper (CP), under Moody's restrictive assumption that the Company would not be able to roll over this class of debt at maturity, whereas the French CP markets have always supported SNCF over the last months. In addition, we believe that the French government is highly motivated and has the legal means to enable SNCF to meet its debt service obligations on a timely basis.

Peer Group

In Moody's view, Deutsche Bahn (DB) is the issuer most comparable to SNCF. DB's BCA is 4, three notches higher than SNCF's. Although DB's high-speed activities do not perform as strongly as SNCF's, the company has already turned around its freight activities and its domestic market, Germany, is already open to full competition. The comparatively weaker performance of DB's high-speed activities is explained by different infrastructure planning. Once DB catches up with SNCF in terms of infrastructure, and if the German government subsidises capex as the French Government did, we believe that DB's credit metrics will improve. Another issuer that is comparable to SNCF, although to a lesser extent than DB, is Norges Statsbaner (NSB BCA 5), whose FY 2008 credit metrics were impacted by temporary shocks. Similarly, we expect NSB will recover in the coming years, also thanks to the better than expected FY2009 financial achievements.

FIGURE 8

COMPANY NAME	DATE	REVENUE	OPERATING MARGIN %	EBITA MARGIN %	DEBT / EBITDA	DEBT / BOOK CAPITALI-ZATION	EBIT / INTEREST EXPENSE	(FFO + INTEREST EXPENSE) / INTEREST EXPENSE	FCF / DEBT	FFO / NET DEBT	RCF / NET DEBT
SNCF	12/31/2009	34,686,468	0.70%	1.10%	9.10x	64.50%	0.48x	6.10x	-5.00%	11.90%	10.50%
BCA 7 (A3)	12/31/2008	37,034,932	4.30%	4.60%	5.90x	52.80%	1.78x	4.90x	-1.00%	18.60%	17.40%
	12/31/2007	32,345,560	7.11%	4.62%	5.65x	45.05%	3.51x	7.99x	-0.51%	18.77%	18.57%
	12/31/2006	27,577,765	3.87%	4.09%	6.62x	53.11%	2.18x	5.45x	-2.41%	13.53%	13.40%
Deutsche Bahn AG	12/31/2009	42,034,446	2.78%	4.24%	5.32x	66.02%	0.91x	4.22x	4.54%	17.52%	17.47%
BCA 4 (Aa3)	12/31/2008	50,546,565	7.03%	8.79%	3.97x	67.50%	1.91x	3.81x	2.81%	17.45%	17.39%
	12/31/2007	43,782,604	6.96%	8.35%	4.25x	69.14%	1.72x	3.78x	4.75%	17.42%	17.37%
	12/31/2006	38,498,595	8.18%	9.71%	4.29x	74.28%	1.88x	4.06x	2.23%	17.50%	17.45%
Norges Statsbaner AS	12/31/2009	1,745,003	6.87%	10.23%	4.40x	61.97%	1.82x	3.54x	-9.02%	15.59%	15.44%
BCA 5 (A1)	12/31/2008	1,854,908	2.57%	5.63%	5.71x	61.58%	1.18x	3.24x	-18.06%	13.70%	8.22%
	12/31/2007	1,710,244	8.57%	9.56%	3.16x	52.72%	4.06x	7.55x	-18.65%	28.83%	21.57%
	12/31/2006	1,431,245	8.83%	11.16%	2.75x	48.56%	4.53x	7.20x	5.57%	36.32%	29.88%

Source: Moody's Adjusted figures

Moody's Related Research

Analysis

» France , February 2008 (107420)

» Deutsche Bahn AG, October 2009 (120833)

Industry Outlook:

» North American Railroads, March 2010 (123790)

Rating Methodology:

» Global Passengers Railways, December 2008 (113464)

» Global Freight Railways, March 2009 (11548)

» Government Owned Infrastructure Managers, April 2009 (115505)

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MOODY'S
INVESTORS SERVICE

Analysis

Moody's Global
Corporate Finance

July 2009

Societe Nationale des Chemins de fer Francais

Paris, France

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Corporate Profile

SNCF is a French State-Owned Entity Charged with Operating the National Railway Network in France and Rated as a Government-Related Issuer

Société Nationale des Chemins de Fer Francais ("SNCF", rated Aaa/Prime-1/stable) is the national railway operator in France. It also manages the railway infrastructure on behalf of owner Réseau Ferré de France ("RFF"). The company is a French public entity with autonomous management established under the special status of an Etablissement Public Industriel et Commercial ("EPIC") and is fully owned by the French state.

Created by a special act of law in 1982, SNCF's objectives and business scope were substantially changed as part of the Reform Law in 1997. This law led to the separation of the railway operations and infrastructure in France and the transfer of the ownership of the national railway network to RFF, while SNCF retained the network management. As at December 2008, including subsidiaries, SNCF employed 201,349 people.

Societe Nationale des Chemins de fer Francais

Key Rating Considerations

SNCF's ratings incorporate various assumptions in line with Moody's joint default analysis (JDA) for government-related issuers (GRIs)

SNCF's Aaa/P-1 ratings with stable outlook reflect the application of Moody's rating methodology for GRIs and are derived from the combination of the following inputs:

- A baseline credit assessment (BCA) of 6 (on a scale of 1 to 21, where 1 represents lowest credit risk and 6 equates to an A2 rating). The rationale for the BCA is described more fully below;
- The Aaa local currency rating of the French government;
- The High probability of government support; and
- High dependence.

Assessment of Support and Dependence

Probability of support by French government is assessed as HIGH

The expectation that SNCF would be supported by its 100% shareholder, the French state, is based on (i) its EPIC status; (ii) its low privatisation risk in the foreseeable future; (iii) the close link with the state, which is ensured in its governance structure; and (iv) the strong financial support that the state has provided in the past.

Figure 1

Subsidies and public services compensation received by SNCF

		2008	2007	2006	2005
Public Service Orders	RFF	4,062	3,836	3,812	3,678
	Regions & STIF	3682	3,442	2,412	2,239
	State	242	249	252	259
Subsidies for financial and social security expense	Operating	23	21	21	22
	Investments	1354	1,055	852	735
	Pensions	-	1,392	2,636	2,552
	Special debt Account	-	404	627	677
Total		*9,363*	*10,399*	*10,612*	*10,162*

Source: SNCF Group Annual Report 2008 (not adjusted figures)

Dependence between SNCF and the French Government is assessed as HIGH

High dependence reflects (i) the geographic focus of SNCF's core activities in France; and (ii) the importance of a functioning rail passenger/freight transportation business and infrastructure to France's economy.

Rating sensitivities to changes in the GRI-rating input factors

As long as the support is expected to remain at its current high level – which Moody's believes will be the case as long as the current ownership and legal structure do not change – the rating would not change as a result

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of a change in either the BCA or the expected dependence. However, any weakening in the expected support, albeit unlikely for the foreseeable future, would most likely have a negative impact on the rating.

Baseline Credit Assessment (BCA)

Key Rating Considerations

To provide an overall indication of SNCF's credit quality on a standalone basis (BCA), Moody's has applied its Global Passenger Railway Industry Methodology. The BCA of 5 equivalent to an A2 is broadly in line with the indication provided by Moody's methodology grid (A1) and factors in:(i) its strong and profitable high-speed network; (ii) its role as monopoly provider for regional transportation, supported by long-term contracts with the regions; and (iii) the diversification of its operations beyond the core railway transportation services (Keolis and Geodis). However, the BCA also factors in: (i) Moody's expectation that, during the current year, SNCF's EBITDA generation will be seriously affected by a decrease in the contribution generated by both its Logistics Division, because of its high exposure to the current economic cycle, and its High Speed Division, mainly because of the increase of track access charges; therefore weaker performances than has been previously anticipated combined with the ambitious Capital Investment Plan currently underway, will lead to a weakening financial profile more in line with a BCA of 6 over the intermediate term; (ii) its challenges in improving its operating efficiency, mainly due to inflexible labour structures, that may cause a competitive disadvantage against new entrants in the French rail transportation market; and (iii) the future increasing competition from domestic and international rail operators as a consequence of greater deregulation and liberalisation of the European railway industry.

Figure 2

SNCF's Rating Grid as at 31 December 2008

Global Passenger Railway Companies	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale and diversification							
a) Revenues	US$ 36,856m						
b) Segmental diversification		X					
Factor 2: Market position							
a) Stability of Operating environment	X						
b) Market Characteristics	X						
c) Intramodal competition	X						
d) Inframodal competition		X					
Factor 3: Cost position and profitability							
a) EBITA margin						0.046	
b) (PT+PK) / Total employees				0.7			
C) EBIT / Total Assets						0.023	
Factor 4: Financial policy, liquidity and capital structure							
a) Debt / Book Capitalisation			0.524				
b) Debt / EBITDA					5.9x		
c) Liquidity	X						
Factor 5: Financial strength							
a) FCF / Debt					-1.0%		
b) RCF / Net Debt		17.5%					
c) FFO interest coverage		5.2x					
Rating:							
a) Indicated BCA from Methodology Grid			5 (A1)				
b) Actual BCA Assigned			6(A2)				

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The rating methodology focuses on the following five key rating factors:

Factor 1: Size and diversification

With total consolidated revenues of €25 billion in 2008, of which nearly 80% came from the parent railway company, SNCF is one of the biggest railway and transport operators in the world. The scale of revenues together with good segment diversification places the company in the Aa category.

Figure 3

Operational Highlights 2008

Activity and Results by Division

Eur mln.	Revenues	EBITA	EBIT Margin
Passenger France - Europe	6,900	1,044	15.1%
Passenger Public Transport	6,300	139	2.2%
Freight & Logistics	8,000	-79	-1.0%
Infrastructure	4,800	-186	-3.9%
Stations	500	88	17.6%
Shared Services	4,300	-22	-0.5%
Inter branche	*-5,612*	-	-
Total	**25,188**	**984**	**3.9%**

Source: SNCF (not adjusted Figures).

The group is moving to a decentralised structure with different business divisions; it is separating the legal arm from the operating arm. SNCF's main divisions are:

- **SNCF Voyage**: This division operates the group's domestic long distance passenger trains (the high-speed TGV and the international joint-ventures Thalys and Eurostar), ferry operations (Seafrance) and complementary service operations.
- **SNCF Proximités:** This division principally comprises the passenger transport activities of the group that are performed contractually with public authorities, i.e. its regional express trains TER, its Ile-de-France trains Transilien as well as its minority stake in Keolis (which operates trains in the UK, and buses, trams and subways in France and other European countries). In 2005, the Corail intercity activity was transferred to this division from France Europe's portfolio of activities.
- **SNCF Geodis :** This division's activities include rail freight, parcel carriage and logistic services (Geodis), port shipping, and logistics and combined transport of rail-road.
- **SNCF Infra:** This division handles infrastructure management, providing maintenance, signalling and traffic management services that have been delegated to SNCF by provision of law..
- **Gares & Connexions:** This division manages SNCF's stations to ensure open access to the stations following the EU rail liberalisation framework and fair treatment of all rail operators regarding access to standard services in French stations.
- **Shared services**: Some support functions remain centralised in the "shared services" branch, including Traction, Equipment and Real Estate.

Societe Nationale des Chemins de fer Francais

SNCF's core strategy is to create an international mobility service group

SNCF's core mission was stated in a letter sent from President Sarkozy on 28 February 2008 to the current President of the Company, Mr. Pepy. The letter of mission included the following five core goals:

- Build a global leader in freight and logistics
- Reaffirm the public service model, improving quality, reliability and daily commuter services
- Develop high-speed services, exporting French technology and expertise to Europe and throughout the world
- Upgrade the railway network and reform the French railway system with the clarification of the relationship with RFF with the introduction of a new independent regulatory authority
- Put emphasis on sustainable development

SNCF's management has translated the core goals set by the French government in a five-year strategic plan, which is characterised by ambitious economic and financial objectives that can be summarised as follow:

- Increase SNCF's turnover by 50% to €36 billion from €24 billion in five years (2007-12)
- Double the profit from ordinary activities to €2 billion from €1 billion

The actions implemented by SNCF to pursue its strategic goal include:

- *Further development of traffic in its strongest market segments of the high-speed network.* Over the past few years, SNCF has successfully expanded its TGV services to a number of domestic and cross-border destinations; it now operates Europe's largest high-speed train network. After the completion of the first tranche of TGV Est (a new high-speed network connecting Paris to Strasbourg), SNCF will further leverage its domestic franchise and expanded cross-border services with the development of an additional 2,000km of high-speed lines to be launched by 2020 that will allow the company to double train traffic by 2025.
- *Taking advantage of the opportunities offered by the gradual liberalisation of the European railways market through the build-out of its cross-border high-speed trains and the pursuit of smaller local international passenger franchises through its Keolis joint venture (where, for example, it has successfully competed for the tender of urban and regional bus operations in Sweden, Germany and the UK).* SNCF has recently entered into the Italian high-speed rail market with a 20% stake acquisition of the Italian high-speed railway operator Nuovo Trasporto Viaggiatori (NTV) for a total consideration of €80 million (the operation will start in 2011). This acquisition represents a significant step in SNCF's growth strategy outside its domestic market, but domestic TGV will still represent the core of its volumes for the next few years (77% of passenger volume in 2008 vs. 11% of volumes from international partnerships).
- *Developing its freight and logistics activities through acquisitions in the logistics sector (Geodis, TNT, IBM logistics).*
- *Strengthening its Regional and Urban transportation arm to meet the challenge of both an expansion of the sector and the increasing requirements required by the local regional authorities (Autorités Organisatrices or "AOs").*

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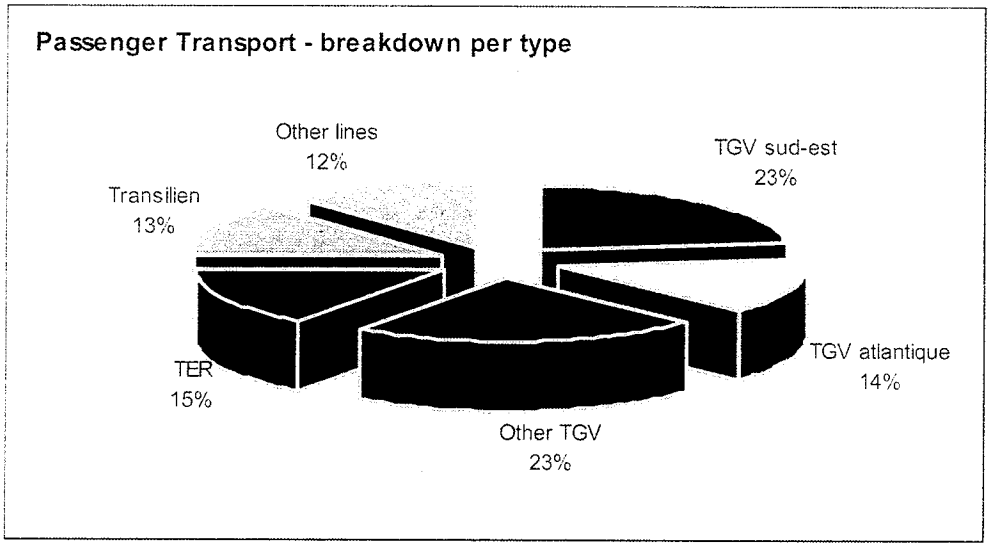
Factor 2: Market position

SNCF benefits from monopolistic position within a stable and predictable regulatory framework...

During 2008, as sole provider of passenger railways services, SNCF covered around 11% of the French passenger transportation market.[1] SNCF is the European leader in high-speed rail transport (77% of SNCF transportation volumes) and France is the main market for this mode of transportation (in 2008, France represented around 53% of the high-speed market in the EU[2] in terms of pkm). This strong market position is derived by the fact that, over the past two decades, SNCF and RFF have invested significantly into its high-speed network, which now comprises 1,879[3] km (the longest in Europe) and links all the main French regions with Paris. This broad regional coverage has enabled SNCF to compete successfully with other modes of transport, also resulting in very profitable operations on a commercial basis. SNCF's strength in the high-speed transportation has been further supported by a very successful and modern marketing campaign. The introduction of this concept has resulted in significantly increased competitiveness with low-cost airlines.

Figure 4



Source: "Version provisoire du 46e rapport de la Commission des comptes des transport la Nation", Mars 2009.

...and for regional transportation supported by long-term contracts with the regions

SNCF is the monopoly provider for local and regional transportation services in France (33.7 billion pkm in 2007). These activities are carried out by its SNCF Proximités division. The organisation of regional rail transport is regulated in France by the Law on Solidarity and Urban Renewal (the SRU) adopted in 2000. This law transfers the organisational responsibility for the procurement of local public passenger rail services to the local regional authorities (AOs). The AOs are also in charge of the financing of these public service operations through their own budgets. SNCF received around €3,682 million in FY2008 from the regional authorities for providing its public service. As part of the contracts, the regions also provide investment subsidies to SNCF for the purchase of rolling stock (€1,354 million in FY2008), while the agreements also often contain bonus/penalty clauses for service punctuality, which have resulted in increased service levels and improved profitability. Given the regulated nature of the business, the regional transportation activities maintain low but predictable and stable returns. In addition to rail services, the SNCF Proximités division, through its subsidiary Keolis, encompasses the contractual activities related to bus transportation and other suburban services (such

[1] Total French transportation market in 2008 was 878.2 pkm bln.; source: "*Version provisoire du 46e rapport de la Commission des comptes des transports de la Nation*", page 33.
[2] Company's data.
[3] Company's data.

as tramways or subways). In these markets, SNCF does not have a monopoly as these kinds of transportation services are currently tendered. SNCF is also internationally active in contractual transportation activities. Keolis has become a key player in urban and suburban passenger transportation markets, which have already liberalised, for example, in the UK and Scandinavia.

The domestic freight market is fully liberalised...

Following the liberalisation trends witnessed in other utility and infrastructure sectors over the past few years, the railway sector remains one of the last public service sectors in Europe that is still almost entirely dominated by national state-owned monopolies. The first step towards a more liberalised market was taken with the opening of the Trans-European rail freight network to international competition from March 2003. In France, domestic freight markets were open to competition in March 2006. In 2008, the volume of rail freight transported represented approximately 15% of total domestic French freight traffic not taking into consideration no French players and pipelines [4]. Moody's believes that market liberalisation in rail freight should have an overall limited impact on SNCF, given that its main strength lies in rail passenger services and the limited appeal that this line of business has for private investors (after five years of full open market, SNCF's market share has decreased by only 7%)[5]. However, we caution that any increased competitive pressure both on cross-border and domestic routes would clearly put further pressure on the loss-making freight business, reducing its market share in the most remunerative activities.

....whereas the domestic passenger market is still monopolistic and will be gradually opened to competition

The second step towards a liberalised market will be the opening of the passenger railway market. If SNCF is expected to take advantage of the opening of foreign markets, Moody's is not concerned about the effect on the company's credit profile that will be derived from an increase in competition in its domestic market. In regional and urban transportation, SNCF enjoys a strong competitive advantage that will be very difficult to erode in the medium term, therefore the rating agency anticipates that SNCF's should retain its 100% market shares until 2016. In high-speed activities Moody's expects a more intense competition than in regional and local transportation. However, downside risk for SNCF is mitigated by the following factors:

i. its strong competitive edge (strong efficiency and brand name);

ii. the lack of standardisation in the European network that will create a constraint to other operators entering the market (SNCF expected that a very limited number of high-speed trains will be able to operate on French tracks in 2010);

iii. only a limited number of domestic lines may be defined as international and hence be eligible to be open to competition starting from December 2009,

Good news from infra-modal competitions....

Thanks to high-speed trains, the secular infra-modal trend that has seen the rail segment lose market share in favour of other transportation modes (notably cars and trucks) has shown that it will likely reverse itself going forward. Therefore, train transportation is not losing market share in the passenger transportation market. For freight rail transportation, such a reversal is less apparent.

[4] Total French transportation market for freight in 2008 was 265.7 tkm bln.; Source: "Version provisoire du 46e rapport de la Commission des comptes des transports de la Nation", Mars 2009, pag 21

[5] Mission de Contrôle des activités ferroviaires "Rapport d'activité 2008"

Societe Nationale des Chemins de fer Francais

Factor 3: Cost position and profitability

Operating performance is in the Ba region as the profitable high-speed activities are burdened by the loss-making freight division

Figure 5

Operational highlights

In € Mil	Revenues 2008	Revenues 2007	Chg. Revenues 07 vs. 06	EBITDA 2008	EBITDA 2007	Chg. Net opetating result 07 vs. 06
Passenger Public Transport	6,340	5,913	7%	457	397	15%
Passenger France - Europe	7,469	6,917	8%	1,573	1,273	24%
Freight & logistics	8,027	7,628	5%	269	258	-4%
Infrastructure	4,823	4,541	6%	13	-45	129%
Common operation	-1,471	-1,439	2%	279	421	-34%
Total SNCF Group	25,188	23,560	7%	2,591	2,304	12%

Source: SNCF Group Annual Report 2008 and Moody's elaboration (not adjusted figures).

This factor scores in the Ba region. SNCF's cost position and profitability are mainly constrained by two factors. The first factor is that the poor performance of rail activities negatively affects the performances of the SNCF Geodis division. SNCF is working on improving the performance of these business activities with initiatives directly related to this line of business (cost cutting programmes, reorganisation of the business model to improve productivity, etc) and indirectly related through the increasing integration of rail freight with Geodis's highly synergetic road transportation activities. The second factor constraining SNCF's cost and profitability is the activities of the SNCF Infra division. More than 25% of SNCF's employees are dedicated to operating and maintaining rail infrastructure; the remuneration that SNCF receives for this activity from RFF is at a merely breakeven level. The high number of employees dedicated to operating this division limits SNCF's overall returns and productivity, but creates external economies that are factored into the current rating.

The Global crisis delays and challenges the turnaround of the loss-making freight business

In 2008, SNCF's freight activities recorded revenues of €2 billion and made a Net Operating Loss of €255 million, partly due to both a decrease of the rail-freight volume to 36 tonnes/km billion versus 40.6 tonnes/km billion of the previous year and the impact of the high level of strike hours.

The negative operating margin indicates the need to continue with the implementation of the efficiency plan started in 2007 and finalised to improve efficiency in this line of business.

Moody's believes the freight business will be significantly impacted in 2009 by the economic turmoil. Therefore, the first sign of the successful implementation of the efficiency plan currently underway could be evident only from 2010.

If freight activities continue to be the group's weakest area, the possible integration with Geodis could offer important growth opportunities for this line of business. Geodis is SNCF's land, sea and air-based freight forwarding and logistics arm of the group. In 2008, Geodis continued its positive trajectory, increasing both its domestic and international market share. After the acquisition of Wilson and substantial organic growth, the company increased its contribution to group turnover to €5.6 billion, with a positive net operating profit of €63 million. With the acquisition of IBM logistics in December 2008, this line of business is expected to grow further, becoming one of the main leaders of contract logistics. Although Moody's expects that Geodis's growth trajectory will temporarily slow in 2009 because of the current negative market conditions, the rating agency considers that Geodis's integration with SNCF's freight operations could offer important upside potential in the medium to long term. The integration of rail and road transportation can create strong synergies, offering both

the flexibility that trucks can provide and the economy of scale of rail transportation. The example provided by the "Deutsche Bahn/Schenker's" integration model is clear evidence of the potential of this model and how successful it can be. Indeed, in Germany, thanks to this new rail/road combined approach, the share of rail freight has increased more rapidly than road transportation in the past five years.

Furthermore, Moody's believes that the success of the integration will depend significantly on both the cooperation of SNCF freight's labour force and SNCF freight's ability to modify its business model to cope with the new challenges that this kind of integration will bring.

The Infrastructure division's contribution to SNCF's results may be difficult to measure and an improvement of its returns may be detrimental to the rating....

Following the railway reform implemented in France in 1997, RFF was established to manage track infrastructure, whereas maintenance, network operation and most of the related engineering tasks were assigned to SNCF. Terms and conditions of this activity are mainly established by a management agreement ("Convention of Gestion") between SNCF and RFF. The management agreement currently in place will expire in 2010. Currently, more than 25% of SNCF employees are dedicated to operating and maintaining the rail infrastructure and this division is not considered by SNCF as a business line, as its primary concern is to assure the high level of efficiency and safety of the network. Therefore, remuneration that SNCF receives from RFF for its infrastructure activity is merely at a breakeven level. The high number of employees devoted to operating this division limits SNCF's overall productivity and returns. Although SNCF's returns on this activity may increase with the future management agreements with RFF, Moody's expects limited upside potential from this line of activity. However, the rating agency recognises that the safety and efficiency of the rail network creates huge external economies that are extremely valuable, although difficult to measure through accounting indicators. Furthermore, superior safety and efficiency standards are a *condition sine qua non* to achieve SNCF's current rating category (rail safety in France is among the highest worldwide). Therefore, an increase on return from this division, but with a *pari passu* decrease of the safety of the network, will create immediate negative pressure on the rating.

Factor 6: Financial strategy, Liquidity and Capital Structure

Figure 5

Evolution SNCF's key credit metrics

Fiscal Year ending:	2008	2007	2006
EBITA margin	4.6%	4.6%	4.1%
FFO interest coverage	5.2x	8.0x	5.4x
Debt / EBITDA	5.9x	5.7x	6.6x
Debt / Book Capitalization	52.4%	45.0%	53.1%
RCF / Net Debt	17.5%	18.6%	13.4%
FCF / Debt	-1.0%	-0.5%	-2.4%

Source: Moody's adjusted figures

The sizeable capex plan will lead to a deterioration of current strong position in this factor

Because of its significant investment programme, SNCF's performance, that currently scores in the Aa region, is expected to decrease in the A region over the period 2009-12 despite to its robust, although declining, cash flow generation from High Speed activities, the sizeable part of assets that will be financed via investment grants, and its strong liquidity supported by the EPIC status. Furthermore, over the past few years, the French state has undertaken considerable measures to reduce SNCF's historically high debt burden and thus put the company on a sounder financial footing. These measures are concrete evidence of the government support

enjoyed by SNCF. In 2008, SNCF's debt was reduced by around €10 billion due to the government's cancellation of the debt in the special debt account (see below) and pension obligations.

Financial arrangements put in place over the past decade have partially mitigated the legacy debt of SNCF

As part of the corporate plan signed between the company and the French state in 1990, a special debt account (SDA) was created. The account had no independent legal status, but separate accounting records were kept at SNCF's parent company. The purpose of the SDA was to isolate part of SNCF's debt, which was essentially serviced by the French state, with a total of over €11 billion transferred to the account since its creation, largely for accumulated losses incurred by SNCF until 1990 and other debt transferred in relation with the railway reform in 1997. For FY2007, the last full year in which this system was operated, annual debt service contributions from the French state were €404 million (2006: €627 million), while SNCF contributed €10 million (2006: €18 million).

Article 29 of the 2007 Finance Act allows the French state to provide credit support in relation to SNCF's debt isolated in the SDA. Such credit support is to be transferred to the state through the *Caisse de la dette publique* ("CDP"). This project aims to satisfy a recommendation by EUROSTAT to modify the public deficit and the indebtedness structure to reflect the state's financial commitment with regard to the debt isolated in the SDA. The transfer of the credit support of SNCF's debt to the state through the CDP should bring about a lasting and final solution in relation to such indebtedness. To finalise this transfer, SNCF paid the French government €640 million, which represents the NPV of its future annual obligations related to the SDA plus the NPV of the expected future amounts related to the equalisation of interest charges of the two entities.

From 30 June 2007, SNCF changed its pension regime, decreasing its adjusted debt

As of 30 June 2007,[6] SNCF changed its pension regime, transferring almost all its pension obligations to a third independent entity, *Caisse de prévoyance et de retraite du personnel de la SNCF*, controlled by the state. Consequently, it changed its pension system from an "unfunded defined benefit system" to a "defined contribution system". Following the implementation of the new system, SNCF's residual pension obligations of €1.1 billion mainly related to other post-employment benefits (action social and Rent AT). This transfer of pension obligation positively impacts SNCF's credit metrics, substantially decreasing its adjusted debt.

Furthermore, SNCF's debt included RFF legacy Debt, but is netted by RFF receivables

Concurrent with the transfer of the infrastructure assets to RFF in 1997, RFF also had to assume a significant portion of SNCF's debt of €20.5 billion (out of a total of €30.3 billion at that time). This debt transfer was recognised as an RFF receivable on SNCF's balance sheet, while SNCF liabilities remained unchanged. The receivable is structured in such a way that it fully matches the debt service and payment of principle of the respective SNCF liability. The outstanding amount (excluding accrued interests) due from RFF to SNCF amounted to €2,393 million as at 31 December 2008, with a significant portion (€488 million) maturing over one year.

EPIC status supports Liquidity

Moody's considers SNCF's liquidity profile, up to the end of 2009, as adequate for its current rating profile. Liquidity at hand (FYE2008: around €3.2 billion), internal cash flow generation (that Moody's estimates to be around €1.5 billion) and committed credit lines available (FYE2008: €948 million) are expected to cover SNCF's cash needs for the year. The main cash needs for 2009 will be the intensive capital expenditure

[6] As of June 2007, there was a special regime applicable to SNCF and the pension benefits granted to its employees (as defined by the Law of 21 July 1909 which comprised a scheme of pay-as-you-go "standard" contributions to the Pension fund. The French state assures the financial balance of the pension regime as well as additional benefits specific to the SNCF scheme that fall within the responsibility of SNCF and were recorded off-balance sheet. In return for the payment by SNCF of "standard" contributions to the Pension fund, the French state assured the financial balance of the pension regime. Since 1991, the annual contribution rate was set at 36.29% of total payroll costs, with the employer contribution rate set at 28.44%. In addition, SNCF granted additional benefits under its pension scheme, which differ from the benchmark scheme, e.g. an increase of the minimum pension level. Commitments for these defined employee benefits were not accrued, but were recorded off-balance sheet.

programme (that Moody's expects to be approximately €2.4 billion) and debt repayments, including Commercial Paper (CP), under Moody's restrictive assumption that the company will not be able to roll over this class of debt at maturity (whereas the French CP markets have always supported SNCF).

Furthermore, Moody's notes that the EPIC status implies a guarantee of ultimate but not necessarily timely repayment. However, the rating agency believes that the French government is highly motivated and has the legal means to enable SNCF to meet debt service obligations on a timely basis.

Factor 5: Financial strength

SNCF should be able to finance a significant part of its capex from internal cash flow generation

The steady improvements in the operating performances displayed by the companies over the past four to five years determined a sustained increase of cash flow from operations, which translated into lower negative FCF and hence lower pressure on the debt, notwithstanding the high capital investment programme. SNCF's capex for 2008, net of the investment subsidies received from regional authorities to fund the acquisition of rolling stock and divestitures, reached €2.3 billion (around €2.2 billion in 2007), while the negative cash flow generated by the company was around €75 million.

Moody's expects that, during the current years, SNCF's group activities more exposed to the economic cycle, such as Logistics division but also to some extent High Speed activities, will be affected by the current economic environment. Furthermore, the increase of RFF track access charges will reduce High Speed Division returns on structural basis.

Weaker performances than has been previously anticipated combined with the ambitious Capital Investment Plan currently underway, will lead to a decrease of the score in this factor in the A region.

Moody's Related Research

Analyses

- France , February 2008 (107420)
- Deutsche Bahn AG, November 2008 (112457)
- S.N.C.B. Holding, September 2007 (104855)

Industry Outlook

- North American Railroads, April 2009 (116947)

Rating Methodologies

- Global Passengers Railways, December 2008 (113464)
- Global Freight Railroad Industry, March 2009 (115448)
- Government Owned Infrastructure Managers, April 2009 (115505)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Societe Nationale des Chemins de fer Francais

Report Number: 119247

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Moody's Investors Service

Guarantor
Letter of Support
(SNCF)

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Paris, on July, the 19th

Guarantor letter of support

With reference to the Request for Qualifications (RFQ) for the Commuter Rail Procurement issued by the Massachusetts Bay Transportation Authority ("MBTA") as amended by Addendum n°1 dated 28 June 2012,

As part of the Statement of Qualifications (SOQ) (as defined in the RFQ) to be submitted by Keolis Rail Services America LLC ("KRSA") and SNCF America Inc. on July 26 2012, and in case their SOQ and subsequent proposal were selected by the MBTA, KRSA would hold 60% and SNCF America 40% of the shares in Keolis Commuter Services LLC, the operating company which would operate and maintain the Commuter Rail System and which would enter into the Contract (as defined in the RFQ).

La Société Nationale des Chemins de Fer Français ("SNCF"), a public company duly organized and existing under the laws of France, registered under company number B 552 049 447 and having its registered office at Paris (75014) 34 rue du Commandant Mouchotte ("SNCF") is the ultimate mother company of SNCF America.

SNCF hereby confirm that, should KRSA and SNCF America (or Keolis Commuter Services LLC directly as the case may be) submit a Proposal (as defined in the RFQ) after appropriate approval from SNCF and Keolis SA Boards of Directors, and subject to the requirements of the Request For Proposals to be issued by the MBTA, SNCF intends to provide financial support, pro-rata SNCF America's shareholding, to Keolis Commuter Services LLC to enable Keolis Commuter Services LLC to meet its financial obligations under the Contract. Such support will be subject to the Contract being awarded to Keolis Commuter Services LLC.

Yours sincerely,

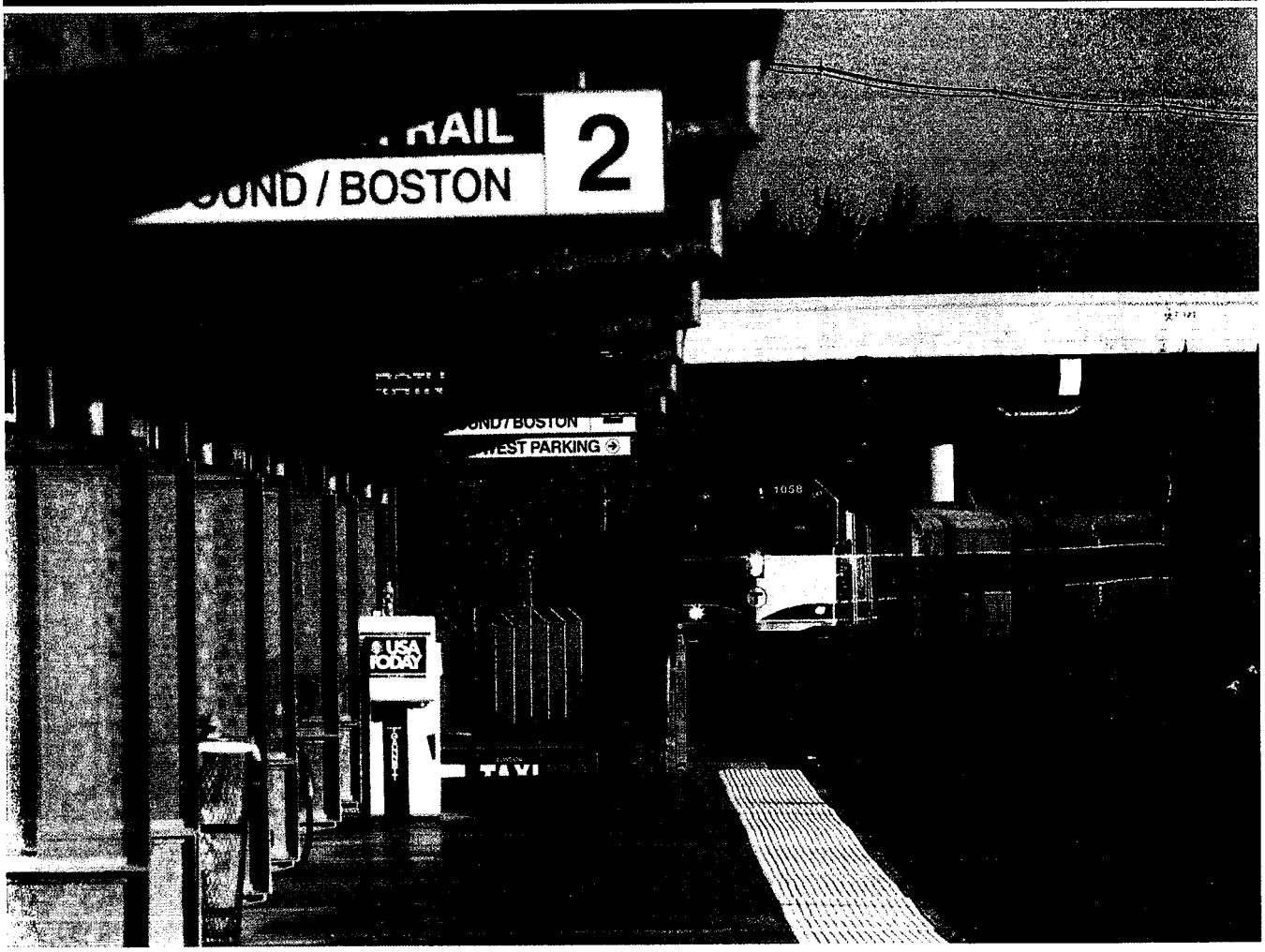
Sophie BOISSARD
Managing Director

SECTION THREE-
KEY PERSONNEL

Massachusetts Bay Transportation Authority

Keolis Commuter Services

SECTION THREE – KEY PERSONNEL



Section Three — *Key Personnel*

Section 3 of the KCS SOQ contains the resume and a reference for KCS's proposed General Manager for the MBTA commuter rail service and responds to Section 5.3.2.3 of the RFQ.

3.1 KCS's Key Personnel for the MBTA Commuter Rail Service

KCS has carefully analyzed the objectives and the requirements of Section 5.3.2.3 of the RFQ and selected Mr. George Hardwidge as its proposed General Manager candidate for the MBTA commuter rail service. This selection was based on a number of important factors and Mr. Hardwidge's full compliance with every one of the eligibility criterion listed in Section 5.3.2.3. B.1.a of the RFQ. Specifically this compliance includes:

- ***Five years of recent experience (within the last ten years) as a senior operating officer of a passenger rail service*** — As the MBTA will see in reviewing Mr. Hardwidge's resume, which is provided below, he has been in a senior operating position for the agency which operates Metra, the Chicago commuter rail system, for the last 14 years.
- ***Fifteen years experience in rail operations*** — Mr. Hardwidge's railroad career began in 1969 and continues to the present day, a total of 41 years (not counting the two years he spent in the U.S. Army), all in rail operations, 26 of those years in passenger rail operations and 24 of those years in the management of passenger rail operations.
- ***Experience working in commuter rail operations of a similar size and complexity*** — Metra is the fourth largest commuter rail service in America, with over 700 daily trains and average weekday ridership in excess of 300,000 passengers (almost 83 million in 2011). With service on 11 lines to 240 stations, the Metra system is every bit as complex as the MBTA system and, considering two factors, perhaps even more so:
  - Metra is the only commuter rail agency in the country that utilizes a "hybrid" approach to service delivery, in that the service on seven of its lines is provided by Metra employees and on four of the lines by contract operators (three lines by the Union Pacific Railroad and one line by the Burlington Northern Santa Fe Railway). This means that Mr. Hardwidge's experience encompasses not only the direct line management of commuter rail operations, but the management of contract commuter rail operations as well.
  - The Metra system is made even more complex by the fact that several of the lines, including the UPRR and BNSF lines, carry very large numbers of freight trains, operating jointly with Metra commuter trains and a significant number of Amtrak intercity trains. As an example, the BNSF line between Chicago and Aurora, IL is shared by nearly 100 commuter trains, over 50 freight trains and a number of Amtrak intercity passenger trains on a daily basis.
- ***Experience in a service governed by the FRA and APTA standards for passenger rail equipment*** — All of Mr. Hardwidge's experience has been on railroads operating under FRA jurisdiction and Metra was one of the founding members of the APTA PRESS Task Force in the late 1990s.

As KCS's General Manager for the MBTA Service, Mr. Hardwidge will be on-site, fully-dedicated to the service and empowered to make all necessary decisions, consistent with the MBTA-KCS operating agreement and the authority-for-expenditure limits mandated by the MBTA.

General Manager

George L. Hardwidge

Professional Experience

Metra (Commuter Rail Division of the Illinois Regional Transportation Authority) | Chicago, Illinois

Deputy Executive Director – Operations **2011 – Present**

This position reports directly to the Executive Director/CEO and is responsible for all operating components and operational functions of the Metra system, including Transportation, Engineering, Mechanical, Safety and Training. These functions involve over 2,000 employees with an annual budget in excess of $700+ million dollars. In this position, Mr. Hardwidge also functions as the Executive Director, during periods of the chief executive's absence from the Metra property. Other responsibilities include:

- The management of a number of important capital projects, such as the development of Positive Train Control, major infrastructure construction and a nearly $600 million procurement for new passenger equipment.
- Managing contractual and service-related issues that arise with the UPRR and the BNSF associated with their operation of Metra commuter trains on the rail lines owned by these two Class 1 railroads.

Mr. Hardwidge is responsible for monthly board presentations and represents Metra with a variety of external stakeholders and, when necessary, the media. He is also responsible for directing and overseeing Metra's planning and response to major service disruptions and other emergencies.

Chief Transportation Officer **1998 – 2011**

Under the direction of the Deputy Executive Director, the Chief Transportation Officer directs all Transportation functions and activities essential to providing safe, efficient and dependable transportation to Metra's 300,000 daily commuters. Responsibilities include on-time performance of over 700 daily revenue trains, safety and rules compliance on the part of Metra's operating personnel and a full range of emergency and service disruption activities. In this position, Mr. Hardwidge managed over 600 employees and an annual budget in excess of $125 million.

During this time, Mr. Hardwidge also served on the Metra Senior Management Steering Committee for four (4) pending New Start Projects and represented Metra on various planning, FRA and APTA committees.

Director of Suburban Operations **1995 – 1998**

Under the direction of the Chief Transportation Officer, directed all operational activities of the Metra Electric District, including: formulating administrative and operational policies and procedures, coordinating with other department heads and management staff to organize the activities of the Transportation Department to ensure maximum use of equipment, facilities and personnel, assisting in the negotiation of labor agreements, investigating alleged rules violations and assessing discipline, developing and implementing safety programs and ensuring operating budget development and adherence.

The Metra Electric District includes over 200 scheduled trains per day with an annual operating budget exceeding $43 million, and typically achieves very high levels of on time performance and safety compliance.

Senior Trainmaster **1990 – 1995**

Reporting to the Director of Suburban Operations, directly supervised all activities of the Transportation Department, including day-to-day train operations, efficiency testing, scheduling, operating rules and safety training, disciplinary investigations, review of time slips, claims and grievances. Acted as Director of Suburban Operations in his absence.

continues next page

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

Director of Rules **1989 – 1990**

Directed all operating rules training and compliance; standardized Metra's directly operated districts. In the Second Edition, General Code of Operating Rules, authored necessary Timetable Special Instructions coincidental to the General Code implementation; developed standardized disciplinary investigation procedures, primary author of Metra's "Investigation Procedure Manual."

Rules Examiner **1987 – 1989**

Conducted rules classes and examinations, researched and drafted Timetable Special Instructions coincidental to the standardization of Metra operations prior to the application of the General Code of Operating Rules.

Control Tower Operator **1986 – 1987**

Operated various interlocking stations, ensuring safe and efficient train movement.

Consolidated Rail Corporation (Conrail) | Cleveland, Ohio

Trainmaster **1985 – 1986**

Directly supervised all yard and local freight train operations, including service to major shippers General Motors and Ford and other major industries in Cleveland.

Chicago and Western Indiana Railroad | Chicago, Illinois

Train Dispatcher (12 years) and Control Tower Operator (Five years) **1969 – 1985**

Operated various CTC and other traffic control systems in the supervision of main track train movement.

United States Army (Viet Nam)

Transportation Specialist **1970 – 1971**

Audited a contract trucking operation in Saigon. Uncovered major irregularities leading to contract cancellation. Awarded Bronze star.

Education

Chicago State University | Chicago, Illinois **1969**
Bachelor of Science, Education

Wilson City College | Chicago, Illinois **1965 – 1967**

3.2 Reference for KCS Key Personnel — General Manager (George Hardwidge)

Gerald Hanas, General Manager
Northern Indiana Commuter Transportation District
33 East U.S. Highway 12
Chesterton, Indiana 46304

Office: 219-936-5744, ext. 201
E-mail: Gerald.hanas@nictd.com

Mr. Hanas has been the General Manager for NICTD, the South Bend, IN to Chicago, IL commuter rail service that operates over a Metra line after it crosses into Illinois, for many years. He is one of the most highly-regarded commuter rail CEO's in America and has been extremely active in commuter rail-related committee work with APTA

SECTION FOUR- ORGANIZATION

Massachusetts Bay Transportation Authority

Keolis Commuter Services

SECTION FOUR – ORGANIZATION

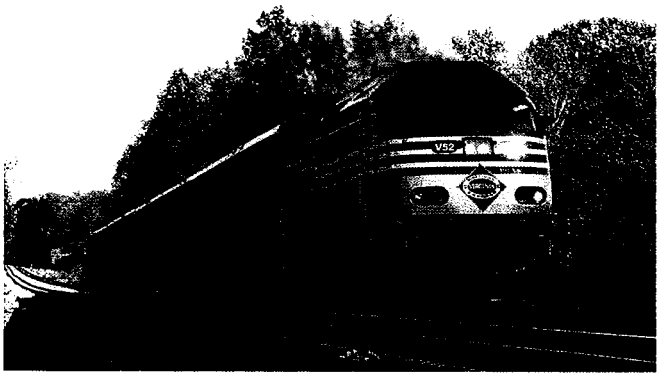
Section Four — *Organization*

Section 4 of the KCS SOQ contains the required organizational charts and description of the Proposer's chain-of-command and decision-making processes that will apply to the MBTA commuter rail contract and responds to Section 5.3.2.4 of the RFQ.

Organizational Structure of the Proposer

As described in the Cover Letter, this Statement of Qualifications for MBTA commuter rail services is being submitted by Keolis Rail Services America (KRSA) and SNCF on behalf of Keolis Commuter Services, LLC (KCS). KCS will be the entity that will respond to the MBTA's RFP, should it be qualified, and enter into a contract with the MBTA should it be the successful Proposer for the MBTA's commuter rail services contract.

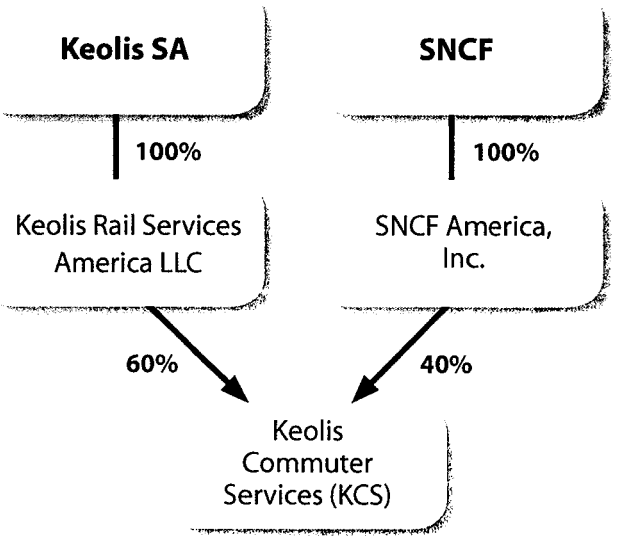
Also as described in the Cover Letter, KCS will be a joint venture, with KRSA as the majority shareholder and SNCF as the minority shareholder, and will be incorporated to provide commuter rail services throughout the United States. Keolis is a leading passenger transportation operator in 12 countries, including the United States and Canada. With annual revenue of over $6 billion, Keolis is one of the largest private transportation operators in the world and, unlike other companies in this industry, has only one business line, the provision of safe, high quality public transportation services under contract to public agencies.



SNCF is the French national railway and the operator of one of the most highly-regarded high speed rail services in the world, the 200 mile per hour TGV service. In addition to 750 TGV trains operated on a daily basis, SNCF also operates daily 325 intercity passenger trains, over 1,000 daily freight trains and nearly 12,000 commuter trains in and around Paris and several other major French cities. SNCF has over 245,000 employees and annual revenues approaching $47 billion.

Table 4-1 depicts the organizational/ownership structure of KCS:

Table 4-1:



As the contract services provider to the MBTA for the extensive Boston commuter rail contract, KCS, through its General Manager, will be fully responsible to the MBTA for the provision of all aspects of the commuter rail service in a safe, high quality manner, for being fully-compliant at all times with all the requirements of the governing MBTA-KCS contract, and for being responsive to the MBTA as completely and as promptly as possible whenever a request is made by the MBTA. The General Manager will be fully-empowered to deal with all matters and issues that arise that are within the realm of the MBTA-KCS commuter rail operating agreement, including, without limitation, contractual, technical, financial or personnel issues, and, accordingly, will be expected to respond to the MBTA in a timely, appropriate manner. Keolis is committed to the principle of timely responsiveness to our client agencies.

For matters that arise that are outside of the contract, the KCS General Manager for the MBTA Service will be a direct report to KRSA's President, to whom he will have immediate access, as well as to a permanently-established Steering Committee, comprised of three members from Keolis and three members from SNCF and chaired by the President of KRSA whose office is in Rockville, Maryland. The Steering Committee will place the same emphasis on responsiveness as the General Manager and will be in a position, at all times, to consider an extra-contractual request from the MBTA and to respond, through the KCS General Manager, in a prompt fashion.

We realize that the MBTA is desirous of having a contract operator for its commuter rail service that is committed to a lean, responsive organizational structure and the highest level of local autonomy in the provision of contract commuter rail services and we can assure the MBTA that those are among the basic business principles upon which KCS is founded.

The organizational structure and relationship among these entities is depicted in Tables 4-2 and 4-3 below:

Table 4-2:
For all Matters and Issues Falling Within the MBTA-KCS Operating Agreement

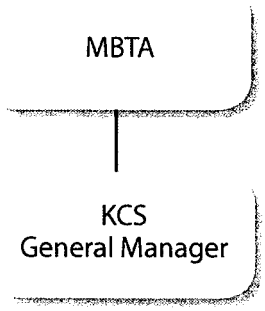
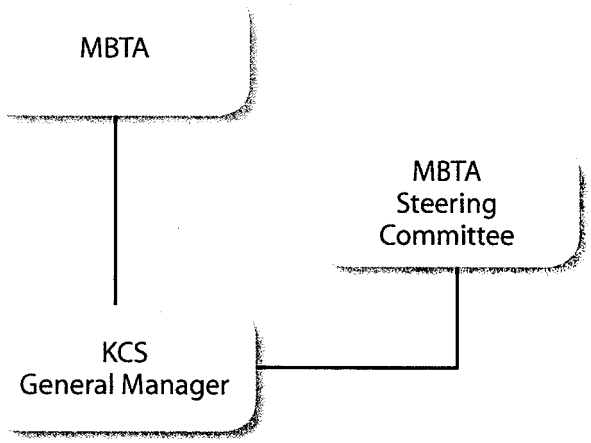


Table 4-3:
For Issues and Matters Outside of the MBTA-KCS Operating Agreement



SECTION FIVE-
EXPERIENCE OF THE FIRMS

SECTION FIVE – EXPERIENCE OF THE FIRMS

Section Five — *Experience of the Firms*

Section 5 of the KCS SOQ contains Forms E-1, E-2 and E-3 and provides detailed descriptions of:

- **Form E-1:** *Past Experience Descriptions for Keolis and SNCF in the operation and maintenance of commuter rail systems*
- **Form E-2:** *Innovative Delivery Information for the commuter rail systems operated and maintained by Keolis and SNCF*
- **Form E-3:** *Subcontractor Information, including both the firms and their proposed scope of services, in each case, as well as a summary of each firm's experience. Five of the proposed subcontractors on the KCS team are Massachusetts-certified DBEs*

5.1 Past Experience Description

Pursuant to the requirements of Section 5.3.2.5 of the MBTA RFQ, Section 5.1 of the Keolis Statement of Qualifications contains 10 detailed descriptions of past and, in each case, current commuter rail operations, maintenance and management experience for the member firms in the Keolis Commuter Services joint venture. Eight (8) of these service/system descriptions are for Keolis and two (2) are for SNCF. This information is:

- Summarized below in Table 5-1
- Presented on Form E-1, with one Form E-1 for each of the 10 descriptions
- Inclusive of the required reference contact information at the bottom of each Form E-1

Additionally, Appendix 1 to this SOQ contains a system map and a representative photo of each of these ten (10) systems/services.

Table 5-1: *Keolis/SNCF Experience and Qualifications*

	USA	United Kingdom (UK)				Germany			France	
	VRE	Trans-Pennine Express	Southern	South-eastern	London-Midland	Maas-Rhein-Lippe Network	Hellweg Network	Bielefeld Network	TER	Transilien
a) Operation of Passenger Rail Systems	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b) Maintenance of Rail Infrastructure	No	No	No	No	No	No	No	No	Yes	Yes
c) Maintenance of Rolling Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
d) Dispatching of Commuter Rail Systems	No	No	Yes	No	No	No	No	No	Yes	Yes
e) Implementation and Management of Superior Safety Programs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
f) Mobilization / Transition	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
g) Labor Relations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
h) Improving Workforce Diversity and DBE Participation	Yes	Yes	Yes	Yes	Yes	No, but required programs to hire employees locally			Yes	Yes
i) Cost Savings to the Owner	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
j) Improving Service Quality	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
k) Improving Ridership Volume	Yes	Yes	Yes	Yes	Yes	Ridership trends not currently available			Yes	Yes
l) Improving Customer Satisfaction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
m) Innovation and Technology	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
n) Training and Employee Development	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
o) Joint/Shared Operations with other Commuter and Passenger Railroads	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
p) Capital Improvement	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Form E-1

FORM E-1 (1 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis Rail Services Virginia
Years of Experience:	Two
Contract Name:	Virginia Railway Express
Location:	Virginia, USA

Description and Nature of Work for which the Firm was responsible:

a) Keolis operates 32 daily passenger trains from Fredericksburg and from Manassas, Virginia into Washington, D.C. Daily ridership averages approximately 20,000 passengers from 18 stations.

b) Maintenance of rail infrastructure is performed by the host railroads, Amtrak, CSXT and Norfolk Southern, for the main lines. Keolis maintains the yard tracks and the maintenance facilities (2).

c) Keolis maintains VRE's fleet of 22 locomotives, 20 of which are MP-36s, and 88 bi-level gallery coaches.

d) Dispatching of commuter rail systems is performed by the host freight railroads.

e) Keolis' safety program is based on frequent auditing, a rigorous QA/QC program based on the principles of Kaizen and the "5S"s, and individual safety plans developed by each employee, who is then responsible for adherence to his/her plan.

f) In 2010, Keolis took the service over from Amtrak after a six-month mobilization/transition period. Only one Amtrak employee transitioned to Keolis. The remainder of the workforce was hired and trained during the mobilization/transition period.

g) Keolis' VRE workforce is represented by the United Transportation Union and there is a pending agreement with the Brotherhood of Locomotive Engineers.

h) The workforce is 16% women, 39% African American and 3% Hispanic. The agency goal for DBE participation is 5% and Keolis is achieving that goal.

i) Keolis is operating the VRE Service under a fixed price contract, which replaced a cost plus contract for the previous operator and has resulted in less operating costs. In addition, Keolis has substantially reduced fare evasion on the VRE trains through a vigorous program of fare enforcement, resulting in increased revenue for the agency. Keolis also operates a number of agency-requested special trains each year without additional cost to VRE.

j) In two years, the average on-time performance has gone from 85-89% to 96-98% on a monthly basis.

k) Average daily ridership has gone from 16,000 to approximately 20,000 during this period.

l) Customer comments received by the VRE agency indicate a high level of customer satisfaction, which is closely tied to the significant improvements in on-time performance.

m) Keolis has introduced a comprehensive, web-based management information system (known as "KORS," Keolis Operations Reporting System) which captures a wide variety of service-related information and makes it instantaneously available to Keolis management and to the VRE agency.

n) Keolis conducts an extensive training program, pursuant to FRA requirements and an agency-required "contract deliverable" training requirement, developed by Keolis during the mobilization period for agency approval. The most recent manager hired, to replace the retiring Manager of Safety and Training, was promoted from the locomotive engineer's ranks.

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o) The lines that VRE operates over are shared with CSXT and Norfolk Southern freight and with Amtrak intercity service.

p) Keolis participates with the contracting agency in program development.

A Letter of Reference from recently-retired (i.e., June 30, 2012) VRE Chief Executive Officer, Dale Zehner, attesting to Keolis' accomplishments in providing operational and maintenance services to VRE is included in Appendix 2.

Name of Client (Owner/Agency or Contractor): Virginia Railway Express

Address: 1500 King Street, Suite 202
Alexandria, VA 22314

Contact Name: Mr. Richard Dalton

Telephone number: (703) 684-1001

Owner's Contract No.: n/a

E-mail address: rdalton@vre.org

Contract Value (US$): $20 million

FORM E-1 (2 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Eight
Contract Name:	TransPennine Express (TPE)
Location:	United Kingdom (north)

Description and Nature of Work for which the Firm was responsible:

a) The TransPennine network, in the north of the UK, runs over a 746-mile network, serves 70 stations and carries over 17 million passengers each year, employing a workforce of 1,040. Keolis, along with joint venture partner First Group, has been involved in the operation of this service since 2004 and the contract was recently extended until 2015.

b) Maintenance of rail infrastructure is the responsibility of Network Rail, a public entity which owns and maintains the UK rail infrastructure.

c) Train operating companies (TOCs) in the UK lease rolling stock from specialized rolling stock leasing companies. Maintenance of the rolling stock is the responsibility of the TOC, in this case Keolis/First Group, and is frequently subcontracted to the rolling stock manufacturer, as is the case with the TransPennine Express franchise.

d) In the UK, dispatching of the various passenger rail services is not the responsibility of the TOCs.

e) For Keolis, safety is central to everything we do and we are committed to ensuring passenger and staff safety at all times. In each one of our operations, accountability resides with the General Manager, supported by professional Safety Managers. Each Keolis rail operation produces an annual rolling three-year Safety Plan containing improvement targets and action plans. Safety is reviewed on a periodic basis by each operation's Safety Management Group and the results reported to the Executive Group and the Keolis Rail Safety Executive. Beyond this, we actively participate in industry-wide safety forums that share learning and best practices in order to improve overall safety standards. As with other Keolis rail operations, TPE participates in an internal International Rail Safety Conference, as well as targeted safety initiatives such as the use of mobile phones in safety critical operations, human factors in railway safety and managing the relationship with Network Rail. The current safety target is a 20% improvement in all safety metrics by 2015.

f) TPE was successfully transitioned in 2004. All mobilization/transition activities were completed in time and operations commenced with no disruption to passengers.

g) In the UK, Keolis deals with a predominantly unionized workforce and has a good track record of working with rail labor unions.

h) Keolis operations in the UK monitor and report on workforce diversity in an annual Corporate Social Responsibility Report. Unfortunately, the statistical information on the diversity of the workforce that is available for the other three Keolis franchises in the UK is not available for TPE. While an important criterion for the award of the contract is the provision of jobs for local people, the concept of Disadvantaged Business Enterprises does not exist as such in the UK rail industry.

i) The financial model in the UK is for the TOCs to take revenue risk and bid for a fixed subsidy. By improving service and customer satisfaction and increasing ridership while at the same time capping the cost of the service to the British government, Keolis has worked to achieve significant cost savings for the British government.

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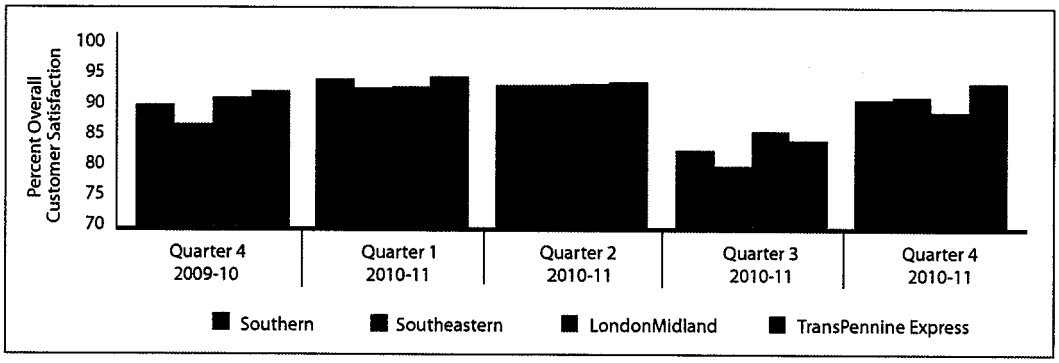
j) The customer satisfaction results described below in Item l) speak to the improvements in service quality.

k) Targeted marketing has led to 56% growth in TPE passenger journeys between 2006 and 2011 (compared with overall UK rail growth of 19%-26%). TPE has created significant transport modal shift by increasing its share of the market to Manchester Airport from 5% in 2004 to 13% today.

l) In the UK, Keolis uses the National Passenger Survey (NPS), conducted bi-annually by Passenger Focus, to measure overall customer satisfaction. Positive results have been achieved by improving operational performance; significant investment in the environment of both stations and trains; increased capacity; and the development of our staff through the National Vocational Qualification training program (NVQ) and customer service training. TPE also measures customer satisfaction through its own internal "shadow" NPS survey. Prior to Keolis taking these services over, customer satisfaction was running in the mid-60 percent range.

Table 5-2 indicates the recent record of overall customer satisfaction achieved by TransPennine Express, as well as by the other three Keolis commuter rail franchises in the UK, in the National Passenger Survey:

Table 5-2: ***Percent Overall Customer Satisfaction — Keolis UK***



m) **New Rolling Stock:** TPE has placed a multi-million pound order for a new fleet of trains. TPE will take delivery of 10 new electric trains from Siemens and is expecting the first train to arrive at the end of 2013.

Mobile Apps & Twitter: TPE's free mobile app allows passengers to buy tickets for up to 8 people on their phone up to 10 minutes before departure. TPE also offers @TPEassist, a twitter account where frontline staff are available from 7 am to 7 pm to answer customer queries.

n) The TransPennine Express Training Academy has been established to offer structured and focused training and development for all employees. Also TPE has implemented the "Think Like a Passenger" customer service training program.

o) All Keolis operations in the UK share the railroad with other commuter and passenger railroads, as well as some freight service.

p) As mentioned above, TPE is making a significant investment in new rolling stock.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $415 million

FORM E-1 (3 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Eleven
Contract Name:	Southern Network
Location:	United Kingdom (south)

Description and Nature of Work for which the Firm was responsible:

a) The Southern network is operated by a Go Ahead – Keolis joint venture called Govia. The Southern franchise was re-awarded to Govia in 2009, with a contract that now runs through 2015. It covers 466 route miles of track connecting London to the South Coast, East and West Sussex, Surrey and parts of Kent and Hampshire. Serving 160 stations with a fleet of 287 Electric Multiple Units (EMUs), Southern employs 4,039 primarily unionized staff and provides 128 million passenger journeys per year.

b) Maintenance of rail infrastructure is the responsibility of Network Rail.

c) Maintenance of equipment is provided by Govia employees for the EMU fleet.

d) In the UK, dispatching of the various passenger rail services is not the responsibility of the Train Operating Companies (TOCs). However, the Southern network has recently integrated its controls with those of the infrastructure provider, Network Rail, and has assumed some of the dispatching functions in the vicinity of Gatwick Airport.

e) In order to achieve a 20% improvement in safety results by 2015, Govia implemented an innovative and industry-leading risk-based approach to safety management in 2009. This included the development of two new risk metrics: the fatalities and weighted injuries (fwi) index to measure passenger and employee safety and security, and the significant operating incident (soi) index to measure operational safety. Govia continues to lead the way by developing new techniques to measure input factors that influence safety incidents.

f) In 2002 Govia was awarded the contract, which was to run until 2009. Govia was re-awarded the contract in 2009 after a competitive bidding process, and will operate the service until 2015, with the possibility of a further extension of 2 years. On both occasions, staff, IT systems, rolling stock, and all other parts of the contract were successfully mobilized and transitioned on time.

g) In the UK, Keolis deals with a predominantly unionized workforce and has a good track record of working with unions.

h) Keolis operations in the UK report on workforce diversity in an annual Corporate Social Responsibility Report. Over the past three years, minority representation in the Southern workforce has approached 20% and approximately 15% of employees have been women. While an important criterion for the award of the contract is the provision of jobs for local people, the concept of Disadvantaged Business Enterprises does not exist as such in the UK rail industry.

i) As with TPE, improvements in service quality and customer satisfaction have led to ridership growth, which help to create overall cost savings for the British government. More specifically, Govia has affected some efficiencies in rolling stock operational costs, and the transfer of certain dispatching functions at Gatwick Airport have reduced the number of jobs committed to the control function by about five positions. These savings total over 10 million pounds.

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j) The "Think Like a Passenger" initiative, and an ongoing series of quality audits, has led to higher – and increasing – levels of customer satisfaction, as described in Item l) below.

k) From 2009 to 2010 there was a 4.7 percent increase in ridership on the Southern network.

l) Southern has invested in staff training and coaching to provide passengers with high levels of customer service, and overall passenger satisfaction scores in the National Passenger Survey have been steadily improving. Currently 82% of passengers say they are satisfied.

m) Southern has introduced Smart Cards, which make it easier and quicker for passengers to buy and use tickets. Other innovations include on-train WiFi internet service, online tools to purchase train tickets, mobile apps and a twitter account for customer queries.

n) Keolis is committed to extensive training programs for its employees in all of its rail operations. "Think Like a Passenger" has been a heavily-emphasized and well received program.

o) As is the case throughout the UK, several different commuter, regional and intercity services commonly all share trackage with each other, in addition to some freight traffic.

p) Govia works very closely with Network Rail to tailor infrastructure investment programs to achieve maximum benefit for safety, service performance and reliability and to create the opportunity for service increases and enhancements.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $1.04 billion

FORM E-1 (4 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Six
Contract Name:	Southeastern network
Location:	United Kingdom (southeast)

Description and Nature of Work for which the Firm was responsible:

a) As is the case with the Southern network, the Southeastern network is operated by the Go Ahead-Keolis joint venture, Govia. The Southeastern network operates over 480 route-miles of track throughout Kent, East Sussex and southeast London. This service provides 156 million rides per year, with a fleet of 378 Bombardier Class 375 EMUs through 182 stations, and employs over 3,700 predominantly unionized staff. Southeastern also launched the first regional high speed train in the UK in December 2009, with a maximum operating speed of 140 mph, on a 67-mile route. This service is currently carrying about 16 million passengers per year.

b) Maintenance of rail infrastructure is the responsibility of Network Rail.

c) The fleet of Class 375 EMUs and the 29 Hitachi Class 395 units, which provide the high speed service, are maintained by Govia employees.

d) In the UK, dispatching of the various passenger rail systems is not the responsibility of the Train Operating Companies (TOCs).

e) The Govia safety program described in Item e) of Form E-1 for the Southern franchise also applies to the Southeastern franchise.

f) Govia won the contract to operate the Southeastern network beginning in 2006. As part of this contract, Govia introduced the first high speed railway service in the UK, in 2009. As a priority, the organizational structure of the new contract was changed, to realize significant cost benefits, and ticketing and revenue protection were optimized, to ensure that customers could and would pay for travel. Investment in staff and equipment in the retail environment was also undertaken.

g) In the UK, Keolis deals with a predominantly unionized workforce and has a good track record of working with unions.

h) Keolis operations in the UK report on workforce diversity in an annual Corporate Social Responsibility Report. Over the past three years, minority representation in the Southeastern workforce has averaged 10% and approximately 13% of employees have been women. While an important criterion for the award of the contract is the provision of jobs for local people, the concept of Disadvantaged Business Enterprises, does not exist as such in the UK rail industry.

i) Southeastern is one of the very first TOCs to sign an "Alliance" agreement with Network Rail, which commits both parties to streamlined management, reducing staff costs and improving customer satisfaction. Initial results indicate annual savings in excess of 3 million pounds.

j) Southeastern's launch of the UK's first regional high speed train service in 2009 established the fastest commuter train service in Britain and passengers benefit from significantly reduced journey times. Southeastern has been awarded the 5-star award for service quality from the British Quality Foundation.

continues next page

k) The introduction of high speed services and other timetable changes in December 2009 on Southeastern generated a strong increase in passenger revenue.

l) In the 2010 National Passenger Survey, Southeastern network was named the best commuter service in the UK, with 95% of passengers happy or satisfied.

m) **High Speed Trains:** The Southeastern network introduced the first high speed railway service in the UK, in December 2009. The project team included SNCF experts in rolling stock, driver training and timetabling; and Govia experts in rolling stock and maintenance facilities from the Southern Region. Starting in 2007, engineers were trained, the first four high-speed units arrived, and testing began. The remaining 24 high-speed units were delivered by November of 2009, the new control center in Ashford opened and in December 2009 the Channel Tunnel Rail Link began service. Other innovations include personalized marketing tools and mobile apps.

n) As an important element in the overall training program, Southeastern makes extensive use of simulators in the training of engineers, which was a critical part of the project to introduce the first high speed trains in the UK.

o) As is the case in most of the UK, services share commonly-used rail lines with other commuter and passenger railroads, as well as with freight services.

p) In addition to the close collaboration with Network Rail, Southeastern has made a significant investment in rolling stock.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $944 million

FORM E-1 (5 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Five
Contract Name:	LondonMidland
Location:	United Kingdom (central)

Description and Nature of Work for which the Firm was responsible:

a) LondonMidland, which has been operating since 2007, serves 539 route miles of track connecting London, the Midlands and the Northwest. The network includes 186 stations and provides 45 million annual journeys with a mixed fleet of EMUs. It employs 2,342 predominantly unionized employees.

b) Maintenance of rail infrastructure is the responsibility of Network Rail.

c) Maintenance of equipment is provided by LondonMidland employees.

d) In the UK, dispatching of the various passenger rail services is not the responsibility of the Train Operating Companies (TOCs).

e) The overall approach to safety, the safety culture and the internal safety program for LondonMidland is similar in virtually every respect to that of the other Govia franchises, Southern and Southeastern.

f) The LondonMidland mobilization and transition in November 2007 was completed within five months and led to the creation of a single network from three separate operations. This challenging effort was completed on time and the improvements promised for the operation were implemented on a faster schedule than anticipated.

g) In the UK, Keolis deals with a predominantly unionized workforce and has a good track record of working with unions.

h) Keolis operations in the UK report on workforce diversity in an annual Corporate Social Responsibility Report. Over the past three years, minority representation in the LondonMidland workforce has averaged almost 16% and 17% of employees have been women. While an important criterion for the award of the contract is the provision of jobs for local people, the concept of Disadvantaged Business Enterprises, does not exist as such in the UK rail industry.

i) Significant cost savings and service efficiencies were created in the consolidation of other disparate services into the LondonMidland franchise and the development of improved services, such as those described in Item j) below.

j) LondonMidland has introduced a new fleet of Class 350 Desiro trains, which operate on its longer distance services to London, and new Class 172 diesel trains which operate across the West Midlands. We have introduced new, direct services between London and Birmingham, a new direct service between London and Crewe restoring mainline services to communities in the Trent Valley for the first time in years and increased the number of seats between Birmingham and Liverpool by providing a train every 30 minutes. For peak services, LondonMidland is running more 12-coach trains than ever before and has added new services and over 3,000 extra seats for commuters travelling to and from London.

k) In the UK, Keolis rail operations have been very successful at increasing ridership (patronage). From 2009 to 2010 there was an 8.5 percent increase in ridership on the LondonMidland network.

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l) In the UK, Keolis uses the National Passenger Survey (NPS), conducted bi-annually by Passenger Focus, to measure overall customer satisfaction. Positive results have been achieved by improving operational performance; significant investment in the environment of both stations and trains; increased capacity; and the development of our staff through NVQs and customer service training. Customer satisfaction levels are running between 85-90%.

m) Emphasis has been on customer communications and ease of using the service, including the introduction of multi-faceted mobile phone apps for trip planning, service and schedule information, directions to stations, buying a ticket, arranging at-station parking and making direct contact with customer service.

n) LondonMidland has invested in new training facilities, primarily the LondonMidland Academy in Birmingham and has created local learning centres in its main facilities. Simulators are used extensively and a "one for all" program is an important element in the overall training program.

o) As is the case throughout the UK, the LondonMidland service shares commonly-used trackage with other commuter and passenger services, as well as with freight service.

p) In addition to working in close collaboration with Network Rail, significant investment has been made in new, improved rolling stock and expanded, improved services.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $577 million

FORM E-1 (6 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Three
Contract Name:	Maas-Rhein-Lippe Network
Location:	Germany

Description and Nature of Work for which the Firm was responsible:

a) The Maas-Rhein-Lippe network in Germany has been in operation since 2009. It covers 196 route miles of track, serves 12 stations with 18 Stadler Flirt EMUs, provides 13 million rides per year, and employs 95 predominantly unionized staff.

b) DB Netz AG, a government-owned company, is responsible for rail infrastructure maintenance in Germany and acts as a subcontractor to private commuter rail operators, such as Keolis.

c) Maintenance of equipment is provided by 25 Keolis employees in a Keolis-owned, designed, constructed, and maintained maintenance facility in Hamm. A few maintenance activities, such as periodic overhauls, are subcontracted.

d) In Germany dispatching of the various contract passenger rail services is not the responsibility of the contract operators.

e) Keolis operations in Germany are required to designate a certified safety professional as Safety Manager, who is responsible for the development and conduct of all safety plans, programs and activities. Safety oversight is handled by the German counterpart agency to the FRA, the Eisenbahn-Bundesamt (English website: **www.eba.bund.de/EN**).

f) Mobilization and transition in Germany are presented with a unique set of opportunities, as none of the employees, equipment, systems and/or infrastructure are transferred to the new operator from the incumbent. An example of the mobilization/transition activities undertaken by Keolis is given for the Hellweg service.

The mobilization and transition of the Maas Rhein-Lippe-Network in 2009, included managing cross-border operation into the Netherlands. Keolis successfully modified the rolling stock for operation in the Netherlands and trained engineers in the safety rules specific to the Netherlands, as well as the Dutch language.

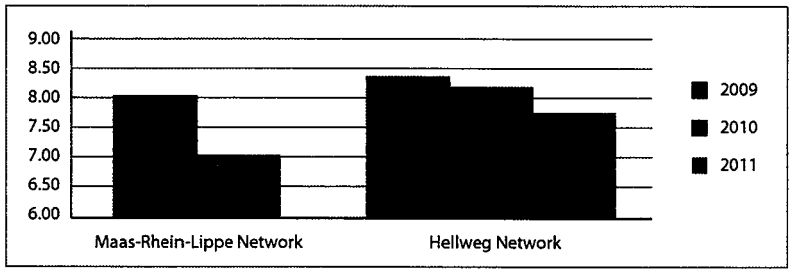
g) Keolis is responsible for managing labor relations for its predominantly unionized workforce. Two principal rail unions are recognized in Germany and negotiations cover wage agreements and working conditions, including scheduling. Keolis has not had any formal labor disputes in Germany since the start of operations of its three services.

h) Keolis is required by the oversight public agency to achieve goals to help reduce local unemployment.

i) Cost reductions in Germany have generally focused on energy efficiency. By measuring fuel consumption every 15 minutes, creating detailed databases (including the route used, and the engineer's identity) and training engineers with a simulator to reduce their fuel consumption, Keolis has been able to achieve the cost reductions shown in Table 5-3.

Table 5-3

Average gross fuel consumption – kWh/VKm Keolis, Germany



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j) Improving service quality focuses mainly on raising on-time performance levels. Keolis was able to improve on-time performance to around 90% within one year of taking over the operation of the Maas-Rhein-Lippe Network in 2009, by focusing on engineer selection and training, and our relation with DB Netz, the infrastructure owner. Trains are considered on time if they arrive within three minutes of their scheduled arrival time.

k) Ridership trend is not available for commuter rail operations in the Germany.

l) Customer satisfaction is measured by the contracting public transportation authority in Germany, on a scale of 1 (excellent) to 6 (unsatisfactory). As can be seen in the table below, Keolis scores above the median in all categories, for the Maas-Rhein-Lippe network:

	On-time performance	Passenger information (normal situations)	Passenger information (service disruption)	Cleanliness of trains	Working order of on-train facilities	Quality of customer service	Overall satisfaction
Keolis	2.2	1.9	2.6	2.3	2.4	2.0	2.2
Median (7 operators)	2.4	2.1	2.7	2.6	2.5	2.1	2.3

m) Keolis introduced a real-time delay monitoring system on the Maas-Rhein-Lippe network to establish the location of a train in relation to its schedule. Any delay is detected automatically, the information is sent to the control center and the governing public transportation agency to warn of the delays (for connection purposes for example). Engineers are also made aware of the delay and can use this information to adapt their train operation to the situation.

n) Training focuses on initial engineer training. Keolis operations in Germany manage engineer training programs in coordination with local employment agencies, in order to recruit local job seekers and give them the opportunity to learn new skills. A significant number of new engineers have been trained for this network.

o) Tracks are shared with Deutsche Bahn, the German national railway, which also operates high speed intercity passenger trains over these tracks.

p) Keolis invests significant amounts of money in its networks in Germany, for example with the $12 million design/build project for the maintenance facility in Hamm. This facility serves both the Maas-Rhein-Lippe and Hellweg networks and is responsible for the maintenance of 42 train sets.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $56.6 million

FORM E-1 (7 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Four
Contract Name:	Hellweg Network
Location:	Germany

Description and Nature of Work for which the Firm was responsible:

a) The Hellweg network, which Keolis began operating in 2008, employs 124 predominantly unionized staff, runs across 170 route miles of track, serves 10 stations with 25 Stadler Flirt EMUs, and provides six million rides per year.

b) DB Netz AG, a government-owned company, is responsible for rail infrastructure maintenance in Germany and acts as a subcontractor to private commuter rail operators, such as Keolis.

c) This maintenance facility is shared between the Hellweg and Maas-Rhein-Lippe networks.

d) In Germany, dispatching of the various contract passenger rail services is not the responsibility of the contract operator.

e) Keolis' approach to safety for this network is identical to that described for the Maas-Rhein-Lippe network.

f) Mobilization and transition in Germany present a unique set of opportunities, as none of the employees, equipment, systems and/or infrastructure are transferred to the new operator from the incumbent. During the mobilization/ transition of the Hellweg services, Keolis purchased the equipment, found an appropriate location for the maintenance facility, designed and constructed it, recruited and trained all managers and staff, including 80 engineers, and devised and implemented all processes and systems for the new operating company, including financial control, before launching the new service safely and successfully on the Commencement Date designated by the contracting government agency.

g) Keolis' approach to labor relations, and successful experience with labor relations, for this network, is identical to that described for the Maas-Rhein-Lippe network.

h) Requirements for the composition of the workforce are the same as for the Maas-Rhein-Lippe network.

i) Cost reductions in Germany have generally focused on energy efficiency, as described for the Maas-Rhein-Lippe network.

j) Improving service quality focuses mainly on raising on-time performance levels. Keolis continuously analyses on-time performance data in order to define improvement plans. Currently the Hellweg Network is working with the infrastructure provider, DB-Netz to limit the delays related to infrastructure works.

k) Ridership data is not available for commuter rail operations in Germany.

l) For the Hellweg service, Keolis worked with the contracting agency to develop mystery shopper surveys and a customer satisfaction survey that measures passengers' satisfaction on a scale of 1 (excellent) to 6 (insufficient), and which is conducted twice a year. The results for the three most recent surveys are shown below in Table 5-4:

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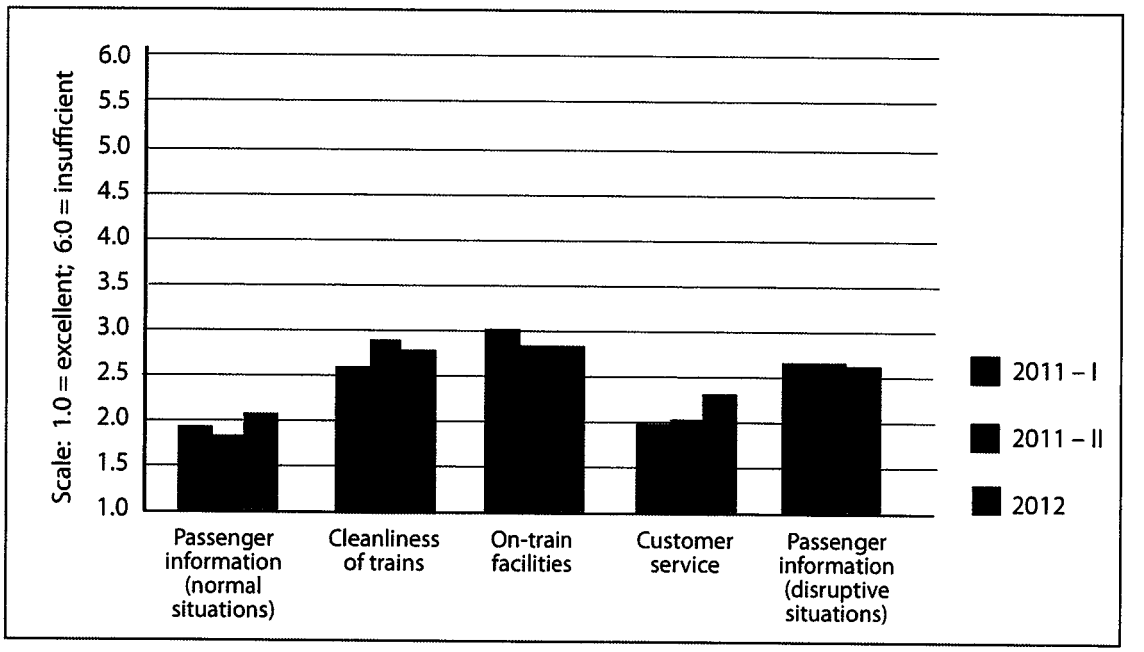
Table 5-4: *Customer Satisfaction Survey Results*



m) Keolis introduced new electric multiple unit trains when taking over the operation of the Hellweg network. Keolis also implemented a new engineer scheduling system in 2012, to be able to better anticipate planned and unplanned absences, manage the impact of capital projects and to optimize engineers' utilization across the network.

n) Training activities focus on regular safety training and more efficient train handling techniques for engineers, in order to reduce energy consumption. Keolis also launched a new leadership program, to introduce innovative management practices.

o) Tracks are shared with Deutsche Bahn, which also operates high speed intercity passenger trains over these tracks.

p) Capital improvement activities include the $12 million investment in the Hamm maintenance facility, referred to above.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $65 million

FORM E-1 (8 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Twelve
Contract Name:	Bielefeld Network
Location:	Germany

Description and Nature of Work for which the Firm was responsible:

a) The Bielefeld network has been operating since 2000. It covers 136 route miles of track with 11 Alstom Lint 41 diesel multiple units, serves nine stations, employs 78 predominantly unionized staff, and provides two million rides per year.

b) DB Netz AG, a government-owned company, is responsible for rail infrastructure maintenance in Germany and acts as a subcontractor to private commuter rail operators such as Keolis.

c) Maintenance of rolling stock is conducted at the Bielefeld maintenance facility, which is owned by Keolis and was built for this service. Keolis performs all routine maintenance for the diesel trains of this network with a workforce of 12 employees, but has outsourced some heavy maintenance activities.

d) In Germany, dispatching of the various contract passenger rail services is not the responsibility of the contract operator.

e) Keolis' approach to safety for this network is identical to the Maas-Rhein-Lippe and Hellweg networks.

f) Mobilization and transition in Germany present a unique set of opportunities that are particularly challenging, as none of the employees, equipment, systems and/or infrastructure are transferred to the new operator from the incumbent. An example of the mobilization/transition activities undertaken by Keolis is given for the Hellweg and Maas-Rhein-Lippe services.

g) Keolis' approach to labor relations and successful experience with labor relations for this network is identical to that described for the Maas-Rhein-Lippe and Hellweg networks.

h) Requirements for the composition of the workforce are the same as for the other two German networks.

i) Cost reductions in Germany have generally focused on energy efficiency, as described for the Maas-Rhein-Lippe Network.

j) Keolis has improved service quality to such an extent at the Bielefeld network, that the first contract, entered into in 2000, was extended for 3 years in 2010 and we have already received confirmation that the contracting authority will enter into a new contract with us in 2013.

k) Ridership trend is not available for commuter rail operations in the Germany.

l) At the Bielefeld network customer satisfaction is measured through a mystery shopper survey, undertaken monthly by an external person. The surveys measure the cleanliness and proper functioning of all aspects of the service, including cleanliness of the exterior of the trains, cleanliness of the seats, functioning of the toilets, etc. The results for the 2012 surveys are shown below:

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	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Cleanliness of the exterior of the train	83.18%	89.75%	92.19%	94.93%	91.36%	87.15%
Cleanliness of the doors	89.00%	92.15%	91.35%	98.36%	96.67%	96.54%
Cleanliness of the toilets	85.46%	94.05%	93.77%	84.21%	94.69%	86.83%
Cleanliness of the windows	86.73%	87.85%	92.75%	91.47%	89.69%	88.90%
Cleanliness of the floors	84.54%	88.26%	84.78%	84.05%	91.82%	87.67%
Cleanliness of the interior of the train	83.46%	84.79%	91.03%	92.20%	93.94%	92.80%
Cleanliness of the seats	95.09%	98.35%	94.02%	98.99%	98.73%	96.51%
Cleanliness of the trash	93.00%	98.68%	91.31%	100.00%	98.94%	95.82%
Functioning of the exterior of the train	100.00%	100.00%	100.00%	100.00%	100.00%	98.13%
Functioning of the doors	100.00%	99.17%	100.00%	98.86%	100.00%	100.00%
Functioning of the toilets	92.65%	100.00%	88.99%	81.12%	97.35%	94.89%
Functioning of the windows	90.68%	91.32%	91.93%	96.33%	90.15%	91.93%
Functioning of the floors	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Functioning of the interior of the train	97.73%	99.17%	99.30%	100.00%	100.00%	100.00%
Functioning of the seats	98.86%	100.00%	100.00%	100.00%	100.00%	100.00%
Functioning of the trash	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Functioning of interior doors	100.00%	100.00%	100.00%	98.41%	100.00%	100.00%
Functioning of the lighting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Functioning of the heating	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Grafitti on the exterior of the train	99.09%	90.90%	100.00%	100.00%	100.00%	99.57%
Grafitti in the interior of the train	94.77%	97.52%	95.32%	96.33%	92.81%	90.56%
Overall satisfaction	94%	96%	96%	96%	97%	96%

m) Keolis implemented a free text messaging service for its customers on the Bielefeld network in 2012, which allows passengers to sign up for free updates on service delays and disruptions.

n) Training activities focus on regular safety training and more efficient train handling techniques for engineers, in order to reduce energy consumption. Keolis also launched a new leadership program, to introduce innovative management practices.

o) Tracks are shared with Deutsche Bahn, which also operates high speed intercity passenger trains on these tracks.

p) Keolis improved passenger access to the trains by investing in sliding steps for easier, safer access/egress for the rolling stock.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $19.5 million

Additional information for all of Keolis' public transportation services worldwide is contained in Appendix 3.

FORM E-1 (9 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	SNCF
Years of Experience:	Sixteen

Contract Name: TER *(SNCF operates TER [Train Express Regional] commuter trains in 22 cities and metropolitan regions across France, a total of almost 12,000 daily trains. The information presented on this Form E-1 and the Form E-1 for the Transilien TER network in Paris includes both information specific to these two services and generic, applying to the entire 22-network service.)*

Location: France, Rhône-Alpes region

Description and Nature of Work for which the Firm was responsible:

a) The first contract for SNCF to operate the TER commuter services network in the Rhône-Alpes region, one of 22 TER networks throughout France, has been in effect since 1997, and the current contract, signed in 2007, will run until 2014. The network operates 1,250 trains and 650 buses per day and serves more than 135,000 passengers at 265 stations and 150 bus stops daily. The network has 31 commuter rail lines and employs 5,500 people.

b) SNCF acts as a contractor to RFF ("Réseau Ferré de France," created by the French government as the owner of the railway infrastructure in France in 1997), which is responsible for monitoring, maintaining and upgrading the rail infrastructure, including tracks (rail, ballast, switches, etc.) and structures (bridges, tunnels, etc.), electrical and mechanical signaling (line side signals, signal boxes, etc.), telecommunications (railway telephony, ground-to-train radio, remote displays, etc.), and overhead line and power supply installations (control posts, power sub-stations, etc.) in the whole of France. 33,000 maintenance employees daily inspect and maintain 65,000 km of track, 26,000 switches on main track, and 100,000 civil engineering structures, including 1,660 tunnels. Maintenance of rail infrastructure includes predictive maintenance with specific coaches to measure track geometry.

c) SNCF maintains its extensive fleet of rolling stock in its own facilities with its own maintenance employees, including 470 high speed train sets, 980 DMUs and 1,080 EMUs, 1,300 diesel locomotives, 1,600 electric locomotives, 1,015 diesel switching locomotives, 53,000 coaches and 6,275 passenger coaches. The TER Rhône-Alpes network has five maintenance facilities with 710 staff dedicated to routine maintenance and five Technicenters specializing in overhauls, refurbishments, equipment upgrades, rehabilitation, rebuilding and special projects. The Rhône-Alpes network has implemented the same innovations as Transilien.

d) SNCF controls and dispatches its entire rail network throughout France.

e) The structure of the Safety Management System (SMS) at SNCF is based on the principles set out in international standard 18001:2007 of the OHSAS (Occupational Health and Safety Assessment Series), which relies in turn on the principle of the Plan-Do-Check-Act (PDCA) system. SNCF seeks to constantly improve the SMS through feedback from daily operations, in-depth analysis of significant events, sharing of best practice across all networks, rewriting and adjusting the procedures as necessary and auditing operations on their safety programs.

f) As the operator of the French national railways, SNCF has not transitioned a network, but, beginning in 1981, has mobilized on many occasions to inaugurate and to expand one of the world's safest and most highly regarded high speed rail networks, the "Train à Grande Vitesse" (TGV) high speed intercity service, a service connecting France's major cities that features top speeds of 200 mph for most services and the world's highest end-to-end average speed for a scheduled passenger rail service of 173 mph.

g) SNCF deals with a predominantly unionized workforce. Recently SNCF carried out changes to the pensions for railroad workers, following instructions by the French government, and implemented a law guaranteeing minimum levels of service at SNCF during strikes.

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h) For the TER Service, SNCF works with the contracting agency to achieve goals in reducing local (in this case, regional) unemployment. SNCF has implemented a nation-wide program to improve on gender equality through recruitment goals for women. The company also launched a "female network" to further women's careers within SNCF in February 2012. Every operating company promotes diversity locally, by recruiting people from disadvantaged areas (these employees currently number in excess of 1,700) and hiring disabled workers (over 5,100 are currently employed at SNCF). In addition, SNCF provides assistance programs for the homeless and unemployed and encourages young people to find productive careers by funding associations to support them.

i) SNCF is currently engaged in a nationwide effort for the all TER networks to reduce overall equipment maintenance costs by 8% from 2011 through 2014. This will be done through a combination of improved equipment assignment and utilization, more precise maintenance planning, automated equipment condition monitoring and a program of making maintenance facilities more standardized and more efficient across the networks.

j) The Regional Observatory Service evaluates quarterly quality of service offered to our customers in trains and at stations every six months. Quality is assessed by investigators inside and outside the company. They follow the way that passengers take when they travel. They observe with neutrality and objectivity, all aspects of the service provided at all stations of region and a sample of 395 trains on the year. The survey grids are developed with the PTA (Region Rhône-Alpes). In 2010, 4,141 measurements were made at stations 3300 and measures on trains. For example, quality at stations is measured through seven criteria (passenger information in normal situations, passenger information during disruptions, multimodal information, distribution, cleanliness, welcoming attitude of staff, and comfort). All quality at stations criteria met the contractual targets in 2010, and results for "passenger information in normal situations," "distribution" and "comfort" have steadily improved over the past four years.

k) Ridership on the TER Rhône-Alpes network increased by 15% between 2007 and 2010.

l) The program described in Item j) above has resulted in improving customer satisfaction for quality in stations concerning passenger information in normal situations, distribution and comfort between 2007 and 2010. Customer satisfaction with quality on trains also improved for passenger information in normal situations and comfort between 2007 and 2010.

m) SNCF's TER network has implemented innovative technological solutions for passenger information, including a dedicated website (www.ter-sncf.com) and a search engine, "TER mobile" and a smartphone application, "TFT – TER Flash Trafic" which alert passengers to delays via text messages to their cellphone, and widgets which passengers can install on their computer. All these systems are operated at a distance by the passenger information system "navitia." In addition, customers can obtain information from the call center "ALLO TER," or listen to SNCF radio which gives up to date information on the network.

n) SNCF provides customer relationship training for customer-facing staff, customer information for all staff in the service chain, including train managers, engineers and station staff. SNCF is fully committed to employee development and currently budgets almost 7% of total payroll for ongoing educational programs for its workforce.

o) SNCF TER trains share tracks with TGV, intercity passenger and freight trains.

p) The current contract between SNCF and the Rhône-Alpes region PTA calls for SNCF to invest over 3 million Euros per year into the network for station improvements and another 3 million Euros per year for improvements to infrastructure, customer information and cold weather preparations, all aimed at improving punctuality and overall customer satisfaction.

Name of Client (Owner/Agency or Contractor): SNCF – Direction TER Rhône-Alpes, Rhône-Alpes Region Public Transportation Authority

Address: 10, cours de Verdun
69286 Lyon, Cedex 02, France

Contact Name: Pascal Delaitre

Telephone number: 011-33-6-07-18-33-27

Owner's Contract No.: n/a

E-mail address: pascal.delaitre@sncf.fr

Contract Value (US$): $755.7 million

FORM E-1 (10 of 10)

PAST EXPERIENCE DESCRIPTION

Name of Proposer: Keolis Commuter Services

Name of Firm:	SNCF
Years of Experience:	Twelve
Contract Name:	Transilien
Location:	France, greater Paris region

Description and Nature of Work for which the Firm was responsible:

a) The first contract for the operation of the Transilien network, which SNCF operates in the greater Paris region, was signed in 2000. The network comprises 14 commuter rail lines, including five RER (Regional Express Trains) and the first line of Tram-Train (T4), as well as 16 night bus lines "Noctilien network" which operate at night, when the rail service does not. Transilien provides 706 million journeys per year and 2.8 million journeys per day (equivalent to two-thirds of all journeys SNCF provides in the whole of France) on 6,200 trains (which represent 40% of the entire SNCF fleet in France). The network covers 1,351 km of tracks and serves 381 stations. The contracting agency, STIF ("Syndicat des transports en Ile de France," the Public Transportation Authority for the greater Paris region), entered into a new 4-year contract with SNCF in 2012 for the operation of this network. This is the fourth contract between the STIF and SNCF.

b) Maintenance of rail infrastructure at Transilien follows the approach described for the Rhône-Alpes TER service. In addition, Transilien implemented targeted infrastructure maintenance programs to reduce the number of infrastructure-related train delays on the line. By investing $53 million in specific areas, the number of service disruptions and delayed trains was reduced by 34% between 2008 and 2011.

c) The Transilien network has seven maintenance facilities, with 1,602 staff dedicated to routine maintenance, and three Technicenters, which specialize in rolling stock overhauls, refurbishments, equipment upgrades, rebuilding, rehabilitation and special projects. Predictive maintenance is completed with detectors on rolling stock and remote transmission or data transferred to the maintenance facility.

The fleet for Transilien contains 674 electric multiple units, 140 locomotives and 845 coaches.

d) SNCF controls and dispatches its entire rail network throughout France.

e) The structure of the Safety Management System at SNCF is based on the principles set out in international standard 18001:2007 of the OHSAS (Occupational Health and Safety Assessment Series), which relies in turn on the principle of the Plan-Do-Check-Act (PDCA) system. SNCF seeks to constantly improve the SMS through feedback from daily operations, in-depth analysis of significant events, sharing of best practice across all networks, rewriting and adjusting the procedures as necessary and auditing operations on their safety programs.

f) SNCF's experience in this regard is described in Item f) in the TER system description above.

g) SNCF's labor relations experience is described in Item g) in the TER system description above.

h) The same approach to workforce diversity described in Item h) above for the TER service is employed in the Transilien service.

i) SNCF is constantly optimizing its costs to reduce the contracting agency, STIF's, contribution. For example, $32.8 million worth of cost reductions have been achieved in the following areas over four years:

- **Operations:** Reduction of the total number of operational staff by 120, resulting in $11.4 million savings
- **Management:** Reduction of staff at head office by 120, resulting in $11.4 million savings

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- **Energy:** SNCF bought shares in electrical companies to reduce the price volatility, resulting in $5 million savings
- **Purchasing:** SNCF has negotiated partnership agreements for cleaning, security patrol and road activities, leading to $5 million savings

Additionally, the 8% targeted reductions in overall equipment maintenance costs by 2014 applies to Transilien as well.

j) The same approach to measuring and monitoring service quality as described for TER above is employed for the Transilien service.

k) Ridership on the network has increased by 30% since 2002.

l) Transilien introduced a new way to measure customer satisfaction in 2010: The "T Mesure." An ongoing telephone survey is conducted among regular customers of Transilien who use a monthly pass. The survey is carried out by a private company which asks customers about their travel experience during the day or the day before, every day from Tuesday to Saturday. More than 7,000 different customers are surveyed each month on all 14 Transilien lines. Customer satisfaction for the service has been running at 75-80% since 2010.

m) Transilien's innovation efforts have focused on integrating the various modes of transportation available to clients in the greater Paris region, including commuter rail, buses, car pools and bicycles. Commuter rail and local buses inform each other of delays and changes in timetables and guarantee connections for passengers, by ensuring that the last bus of the day waits for delayed trains. This applies to 40 Transilien stations and 45 bus lines. Passengers are also able to travel on Transilien trains and buses with their bicycle for no extra charge during off-peak times, and can use secure bicycle lockers at stations. In addition to this, Transilien publishes car pool information online (covoiturage.sncf.mobi) and in stations.

n) SNCF provides customer relationship training for customer facing staff, and customer information for all staff in the service chain, including train managers, engineers and station staff. Transilien created its own training institute to respond to its specific needs in 2006. The Transilien Institute delivers training for all staff involved in the production of the service in areas, including customer relationship, Transilien strategy and policy, accessibility, sales, security, maintenance of stations, information and announcements and new entrant training. The institute is located in Paris, and hosts 2,700 participants a year. It employs 12 trainers and can conduct 14 training events simultaneously. The same commitment to continuing educational opportunities for SNCF employees described in the Rhône-Alpes TER network also applies to the Transilien network.

o) SNCF Transilien share tracks with TGV, intercity passenger and freight trains.

p) The current four-year contract (2012-2015) between STIF and SNCF calls for SNCF to invest 1 billion Euros in the Transilien network during the life of the contract. Exemplifying a true partnership, STIF's investment during this period will amount to 1.6 billion Euros.

Name of Client (Owner/Agency or Contractor): SNCF Transilien, "Syndicat des Transports d'Île-de-France," the Public Transportation Authority for the greater Paris region

Address: 209-211, rue de Bercy
75585 Paris, Cedex 12, France

Contact Name: Cécile Derville

Telephone number: 011-33-1-53-25-71-32

Owner's Contract No.: n/a

E-mail address: cecile.derville@sncf.fr

Contract Value (US$): $4.53 billion

Form E-2

5.2 Innovative Delivery Information

FORM E-2 (1 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis Rail Services Virginia
Years of Experience:	Two
Contract Name:	Virginia Railway Express
Location:	Virginia, USA

Description and Nature of the Innovative Approach for which the Firm was responsible:

For its operation and maintenance of the Virginia Railway Express commuter rail service, Keolis has developed and implemented a comprehensive, web-based management information system, known as the Keolis Operations Reporting System (KORS), that collects all of the service and reporting information contractually required by the oversight agency, VRE, and makes it immediately available to both Keolis and VRE management staff electronically. The web-based design of the KORS system means that required performance, availability, asset and personnel utilization and maintenance reports can be available for both agency and operator review, analysis and management response within hours, not days. KORS has also been used to computerize FRA-required reports and testing/observation results, making safety-critical data more readily available for the use of Keolis operations management and for FRA inspectors monitoring the service.

Keolis has also introduced into the VRE service the concept of a personal safety plan. In this program, each individual employee is required to develop his or her own safety plan, discuss it with the Keolis Manager of Safety and Training and then, once approved, adhere to the safe working principles in this plan while working in the VRE service. This program has been both successful and very popular.

Keolis has also implemented a uniform rental program for all conductors, assistant conductors and locomotive engineers. The purpose of this program is to provide all front line employees with a fresh, professionally cleaned uniform every day they work. It has been both very successful a highly popular with our operating employees.

Another important innovation that Keolis has introduced into the VRE service is a program that is underway to cross train locomotive engineers and conductors. At present, five of our operating crew members are fully cross-trained and certified to handle both positions.

Finally, all Keolis employees working in the VRE service participate in and share in the results of an Employee Incentive Program, aimed at improving both individual and service-related performance and satisfaction.

Name of Client (Owner/Agency or Contractor): Virginia Railway Express

Address: 1500 King Street, Suite 202
Alexandria, VA 22314

Contact Name: Mr. Richard Dalton

Telephone number: (703) 684-1001

Owner's Contract No.: n/a

E-mail address: rdalton@vre.org

Contract Value (US$): $20 million

FORM E-2 (2 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Eight
Contract Name:	TransPennine Express (TPE)
Location:	United Kingdom (north)

Description and Nature of the Innovative Approach for which the Firm was responsible:

New Rolling Stock

TransPennine Express (TPE) has placed a multi-million pound order for a new fleet of trains. TPE will take delivery of 10 new electric multiple unit trains from Siemens and is expecting the first train to arrive at the end of 2013. The new 100 mph, Class 350/4 trains will each have four carriages and a total of 210 seats, 19 of which will be first class. Design work is progressing to deliver a capability of 110 mph operation. Based upon the highly successful Class 350s that are currently in operation on the LondonMidland network, the TPE vehicles will have additional luggage space, a catering trolley area and bike storage facilities. Seating in both first and standard class will be similar to the design and layout of TPE's current fleet of well-regarded Class 185 trains.

The new Class 350/4s will be used on services between Manchester and Scotland, and customers will benefit from an increase in capacity of more than 80% on this route. This new fleet also allows the redeployment of TPE's existing trains to increase capacity across TPE's other routes, including the busy Manchester to Leeds route where capacity is planned to increase by over one third.

Nick Donovan, TPE's Managing Director said: "This is really good news for customers across our network. We know that many of our services are busy and the procurement of an additional 40 carriages will help to provide a much-needed increase in seating capacity in response to growing customer demand. I am also really pleased that this project will create about 200 new jobs across the North of England, including engineers, conductors and train maintenance staff."

TPE will retain its 51 class 185 and 9 class 170 trains, which will be deployed to offer more seats across the north.

Electric trains, such as the new Class 350s have a reduced carbon footprint of around 20-35% compared to their diesel train counterparts.

The trains will have wheelchair access, three on-board toilets and state-of-th-art CCTV and customer information systems.

The purchase of the new trains will generate around 200 additional jobs, many directly with TPE with the opening of new equipment maintenance facilities in Liverpool and Preston. The delivery of the new trains and related infrastructure improvements will also provide a wider economic benefit of £10m per year in the North and better connections between northern cities.

Mobile Apps

TransPennine's free mobile app allows passengers to buy tickets for up to eight people on their phone, up to 10 minutes before departure. Customers can search for times for any train in the UK and the app will remember previous journeys and searches. Purchases through the app are safe and secure and there are no booking or credit card fees. Passengers

continues next page

can also check where their train is on TransPennine's live departure and arrival board, and if they're travelling to Manchester Airport, they can book advance tickets on the app and receive a mobile ticket, "mticket," on their mobile phone. All customers need to do is show their mobile ticket to TransPennine staff. The app is available on iPhones, Androids, Blackberries, Nokias and Windows Mobiles.

TransPennine also offers @TPEassist, a twitter account where frontline staff are available from 7 am until 7 pm to answer customer queries. Passengers can tweet the TPEassist team who have years of experience and knowledge, and are based at different locations across the country so they are best equipped to answer inquiries. From customer services and station announcers, working in the control center and on the platforms, the TPEassisters are there for passengers. TransPennine's other twitter account @tpexpresstrains, tweets about events, competitions, special offers, people and places.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $415 million

FORM E-2 (3 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Eleven
Contract Name:	Southern Network
Location:	United Kingdom (south)

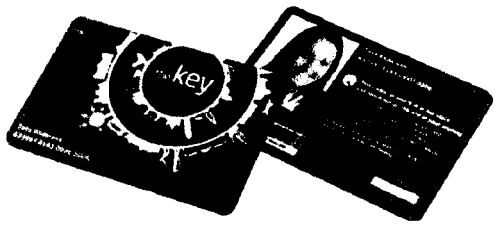
Description and Nature of the Innovative Approach for which the Firm was responsible:

Smart Cards

Southern has introduced smartcards, which make it easier and quicker for passengers to buy and use tickets. The new smartcard is reusable and can be recharged again and again with weekly and monthly season tickets. The 'key' smartcard system allows passengers to purchase tickets online or via ticket machines at Southern stations and collect and travel in a one-touch transaction.

Passengers can store and manage ticket products through their personal online account. The system is based on ITSO, the Government backed specification which is being used across the UK's public transportation networks for all future smartcard schemes.

Southern's Development Director, Alex Foulds, said the limited trial was "just the start" for the card. "The key smartcard will evolve over time with many possibilities for the future," he said. "For example, in time we will be able to tailor ticket products such as early-bird season tickets for those who travel earlier than the morning rush hour. There will also be opportunities for integrated travel tickets such as rail-bus tickets." He added a carnet-style season ticket for less frequent travellers might be introduced, where commuters buy a set number of single tickets over a season, which they can use when they want to.



Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $1.04 billion

FORM E-2 (4 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm: Keolis

Years of Experience: Six

Contract Name: Southeastern Network

Location: United Kingdom (southeast)

Description and Nature of the Innovative Approach for which the Firm was responsible:

High Speed Trains — The Southeastern franchise is one of the first commuter rail networks in the world to dramatically improve the conventional service by embedding a high speed service into its midst, in some cases reducing end-to-end travel time for commuters by as much as 65%. The Southeastern network introduced the first high speed railway service in the UK in December 2009. The high speed line is shared by international and national high speed trains:

- Up to 20 Eurostar trains per day between London and Paris, and 10 trains per day between London and Brussels
- 78 Southeastern high speed trains per day from London to Kent.

Southeastern's high speed service reduces journey times for passengers significantly, as shown in the table below:

Trip	Regular journey time	High speed journey time	Reduction in journey time
London – Ashford	84 min.	38 min.	46 min.
London – Ebbsfleet	51 min.	18 min.	33 min.
London – Folkstone	101 min.	57 min.	44 min.
London – Ramsgate	129 min.	80 min.	49 min.

Southeastern high speed service is provided by 29 Hitachi Class 395 trains, which use dual electrification (25,000V AC via catenary and 1,500V DC through the ground). The rolling stock was built in Japan and assembled in the UK, it can reach maximum speed of 140 mph (225 km/h), and is configured into 6 cars with a total capacity of 348 seated and 500 standing passengers.

The project team, which was assembled in 2007 to prepare for the new service, included SNCF experts in rolling stock, driver training and timetabling; and Govia experts in rolling stock and maintenance facilities from the Southern Region. Benefiting from SNCF's experience with high speed trains, Keolis was able to make valuable contributions to the purchasing process of the rolling stock, construction, testing and commissioning, as well as training for engineers with dedicated simulators.

Following a phased approach to the inauguration of the service, it was successfully launched to the public on December 13, 2009. Within the first year of operation, the service reached 99.1% on-time performance.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $944 million

FORM E-2 (5 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Five
Contract Name:	LondonMidland
Location:	United Kingdom (central)

Description and Nature of the Innovative Approach for which the Firm was responsible:

Personalized Marketing

In addition to providing live, up-to-the-second information supplied from its control center on the company website, LondonMidland allows passengers to register online, to make sure they never miss out on great offers. By registering, passengers can:

- Register to be the first to hear about great offers
- Enjoy savings on Southern advance tickets
- Shop with confidence with online security including 3D Secure
- Receive personalized free email Journey Alerts
- Receive season ticket renewal reminders

Smartcards

LondonMidland has also introduced smartcards, which make it easier and quicker for passengers to buy and use tickets. The new smartcard is reusable and can be recharged again and again with weekly and monthly season tickets. The 'key' smartcard system, which is the same as Southern implemented, allows passengers to purchase tickets online or via ticket machines at LondonMidland stations and collect and travel in a one touch transaction.

Name of Client (Owner/Agency or Contractor): Department for Transportation, UK

Address: Great Minster House, 76 Marsham Street
London, SW1P 4DR, United Kingdom

Contact Name: Mr. Paul Rodgers

Telephone number: 011-44-207-944-4774

Owner's Contract No.: n/a

E-mail address: paul.rodgers@dft.gsi.gov.uk

Contract Value (US$): $944 million

FORM E-2 (6 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Three
Contract Name:	Maas-Rhein-Lippe Network
Location:	Germany

Description and Nature of the Innovative Approach for which the Firm was responsible:

Keolis introduced a real time delay monitoring system on the Maas-Rhein-Lippe Network, to establish the location of the train in relation to the normal timetable. Any delay is detected automatically, the information is sent to the control center and relevant public transportation agency, to warn of the delays. This way, connections to other modes of transportation such as buses can be adapted for passengers/engineers are also made aware of the delay and can adapt their driving to the situation.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $56.6 million

FORM E-2 (7 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Four
Contract Name:	Hellweg Network
Location:	Germany

Description and Nature of the Innovative Approach for which the Firm was responsible:

Keolis introduced new trains (Stadler Flirt rolling stock) upon takeover of the Hellweg network operation. Keolis also implemented a new engineer scheduling system in 2012, to be able to better anticipate planned and unplanned absences, manage the impact of infrastructure works, and optimize engineers' utilization across the network.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $56.6 million

FORM E-2 (8 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	Keolis
Years of Experience:	Twelve
Contract Name:	Bielefeld Network
Location:	Germany

Description and Nature of the Innovative Approach for which the Firm was responsible:

Through strong management attention to detail, better engineer and employee training, and more efficient employee utilization/work scheduling, Keolis has been able to significantly improve on-time performance in the Bielefeld network and record consistently high levels of customer satisfaction, based on independent external surveys. This has led the contracting agency to indicate that the current contract for this service, which expires in 2013, will be renewed.

Keolis has also introduced a free text messaging service for passengers, to enable them to be at all times informed as to service conditions and performance and the status of their trains.

Name of Client (Owner/Agency or Contractor): NWL – Nahverkehr Westfahlen Lippe

Address: Friedrich Ebert Strasse 19
59425 Unna, Germany

Contact Name: Dr. Hermann Passlick

Telephone number: 011-49-230-395-263-28

Owner's Contract No.: n/a

E-mail address: h.passlick@nwl-info.de

Contract Value (US$): $56.6 million

FORM E-2 (9 of 10)

INNOVATIVE DELIVERY INFORMATION

Name of Proposer: Keolis Commuter Services

Name of Firm:	SNCF
Years of Experience:	Sixteen
Contract Name:	TER
Location:	France, Rhône-Alpes region

Description and Nature of the Innovative Approach for which the Firm was responsible:

Passenger Information — SNCF's TER network has implemented innovative technological solutions for passenger information, including a dedicated website (www.ter-sncf.com), a search engine, "TER mobile," and a smartphone application, "TFT – TER Flash Trafic," which alert passengers to delays via text messages to their cellphone, and widgets which passengers can install on their computer. All these systems are operated at a distance by the passenger information system "navitia." In addition, customers can obtain information from the call center "ALLO TER," or listen to SNCF radio which gives up to date information on the network.

In addition, 162 stations and stops are equipped with passenger information systems which inform passengers in writing and via announcements of real-time departure times, destinations, stations stopped at, and departure platforms in normal situations. In delay situations, the system announces the delay minutes, cancellation, reason and changes to departure platforms. By mid-2013, 192 stations and stops in the Rhône-Alpes region will have this technology.

On all SNCF TER trains, passengers receive information on the destination and stations stopped at, through automated written information and vocal announcements. These can be adapted on a day-to-day basis at the rolling stock maintenance facility (Technicenter). SNCF is in the process of piloting more advanced on-board information systems, which give live information on other modes of transportation available at each station.

Intermodal Passenger Information — SNCF TER and other public transportation providers in Lyon, the most urbanized area of the Rhône-Alpes region, are working together to improve intermodal passenger information. In order to allow passengers to easily use different transportation networks in the Lyon area, an intermodal information kit is deployed in TER stations and shelters or stops. It offers passengers innovative, reliable and complete information from all local public transportation providers. The kit contains:

- A showcase with multimodal information posters, including a map outlining the main connections between the public transportation networks, a map showing where to change to other modes, the schedule of major public transportation services at the station, and a poster listing name, address and phone number of the network partners.
- A rack displaying other public transportation providers' information, including brochures, schedules of urban and interurban buses, pocket maps, and other marketing materials.

Name of Client (Owner/Agency or Contractor): SNCF – Direction TER Rhône-Alpes, Rhône-Alpes Region Public Transportation Authority

Address: 10, cours de Verdun
69286 Lyon, Cedex 02, France

Contact Name: Pascal Delaitre

Telephone number: 011-33-6-07-18-33-27

Owner's Contract No.: n/a

E-mail address: pascal.delaitre@sncf.fr

Contract Value (US$): $755.7 million

FORM E-2 (10 of 10)

INNOVATIVE DELIVERY INFORMATION

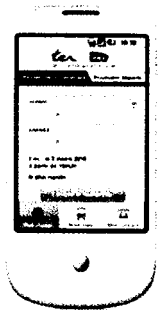
Name of Proposer: Keolis Commuter Services

Name of Firm: SNCF

Years of Experience: Twelve

Contract Name: Transilien **Location:** France, greater Paris region

Description and Nature of the Innovative Approach for which the Firm was responsible:



Intermodal Integration of Public Transportation Offers — Transilien has integrated the various modes of transportation available to clients in the greater Paris region, including commuter rail, buses, car pools and bicycles. Commuter rail and local buses inform each other of delays and changes in timetables, and guarantee connections for passengers by ensuring that the last bus of the day waits for delayed trains. This applies to 40 Transilien stations and 45 bus lines. Passengers are also able to travel on Transilien trains and buses with their bicycle for no extra charge during off-peak times, and can use secure bicycle lockers at stations for an annual fee of only $25. In addition to this, Transilien publishes car pool information online (covoiturage.sncf.mobi) and in stations. 1,118 people have signed up so far and can check live car pool offers on screens in their station.

Providing Continuous Passenger Information — Transilien provides passenger information to customers along all stages of their trip. This includes:

- **Information provided to passengers at their home or office, through:**
  - The Transilien website (Transilien.com), which gives general information and live updates on the service and enables customers to plan their trip including all available transportation modes
  - Downloadable widgets, which give live service updates and calculate itineraries
  - Personalized email updates on the service, which passengers can sign up for
  - The Transilien mobile app, which is available free for iPhones and androids, and gives travel planning information for all transportation modes, live service updates, and next departures from all stations
  - A dedicated website for mobile phone access (**Transilien.mobi**)
  - Text messaging services for all cell phones
- **Information provided to passengers at stations and stops, through:**
  - New real-time information screens, which all Transilien stations and stops will be equipped with by 2015
  - Catering for infrequent passengers, by listing stations in alphabetical order
  - Providing live service information for other public transportation providers
  - Giving information on the situation of the wider Transilien network
  - Making vocal announcements, for example through a radio, which gives traffic information and plays music
- **Information on board trains, through:**
  - Frequent announcements by the engineer
  - Targeted on-board passenger information systems, as described for TER, providing information on the destination and stations called at through automated written information and vocal announcements
  - Improved cell phone connectivity on trains

Name of Client (Owner/Agency or Contractor): SNCF Transilien, "Syndicat des Transports d'Île-de-France," the Public Transportation Authority for the greater Paris region

Address: 209-211, rue de Bercy
75585 Paris, Cedex 12, France

Contact Name: Cécile Derville

Owner's Contract No.: n/a

Contract Value (US$): $4.53 billion

Telephone number: 011-33-1-53-25-71-32

E-mail address: cecile.derville@sncf.fr

Form E-3

5.3 Subcontractor Information

Form E-3 contains a listing of the nine Subcontractors which have been included on the Keolis Commuter Services team to this point. Each firm has been selected for their capabilities, experience and expertise in the areas where they will be providing services if we are selected for the MBTA commuter rail contract.

In several cases, this includes significant experience working in the MBTA commuter rail and transit system: HNTB, Providence and Worcester Railroad, RL Controls, Keville Enterprises.

In other cases, strong, relevant experience and reputation were governing factors: R.J. Corman Railroad Group, Grafton and Upton Railroad, Done Right Building Services, Mill City Environmental, Transit Safety Management (which has also been an important member of the Keolis team operating and maintaining the VRE Service).

In every case, however, these subcontractors are on our team because they will provide the services which we will assign to them, as indicated on Form E-3, safely, proficiently and to a high standard of quality and, in doing so, contribute to improving the MBTA commuter rail service.

As indicated on Form E-3, five of the nine firms are Massachusetts-certified DBE firms.

FORM E-3

SUBCONTRACTOR INFORMATION
(Including Consultants)

Name of Proposer: Keolis Commuter Services

SUBCONTRACTOR NAME	ADDRESS AND PHONE NUMBER	ROLE UNDER THE CONTRACT
HNTB	300 Apollo Drive Chelmsford, MA 01824 978-905-4000	Infrastructure project design and management, extra work and special project design, development and management
Providence and Worcester Railroad	325 Southbridge Street Worcester, MA 01610 508-755-4000	State-Of-Good-Repair work and extra work/special projects on MBTA commuter rail locomotives
Grafton and Upton Railroad	50 Westboro Road North Grafton, MA 01536 508-839-1702	State-Of-Good-Repair work and extra/ work/special projects on MBTA commuter rail coaches and locomotives
R.J. Corman Railroad Group	P.O. Box 788 101 R.J. Corman Drive Nicholasville, KY 40356 859-881-7521	Extra work/special project work on MBTA commuter rail infrastructure, technical assistance/advice on infrastructure maintenance
RL Controls (MA-certified DBE)	10-V Gill Street, Woburn, MA 01801 781-932-3349	QA/QC program development and implementation
Mill City Environmental Corporation (MA-certified DBE)	116 John Street, Lowell, MA 01852 978-654-6741	Environmental plans, programs and implementation
Keville Enterprises, Inc. (MA-certified DBE)	475 School Street, Suite 11 Marshfield, MA 02050; 781-837-3884	Extra work/special project estimating, planning, scheduling and inspection
Done Right Building Services (MA-certified DBE)	Four Copley Place, Suite 125 Boston, MA 02116; 617-236-0155	Station cleaning and improvements
Transit Safety Management (MA-certified DBE)	One East Main Street Georgetown, MA 01833; 978-352-4877	FRA plans and programs, safety program development and implementation

HNTB

Founded in 1914, HNTB is a leading national provider of railroad design, planning and construction services for both passenger and freight rail companies. With over 3,600 employees and over 70 offices nationwide, HNTB has managed the planning, design and construction phases of a wide variety of critical infrastructure-related improvement, expansion and rehabilitation projects for commuter rail services, intercity and regional passenger services and freight rail services.

For over 75 railroads and transit agencies in the U.S., HNTB has successfully completed a vast range of projects, including:

- Alignment and right-of-way design
- Bridge, tunnel and structures design
- Communications and SCADA design
- Construction management and inspection
- Environmental planning and permitting
- Equipment yard and layover facility planning & design
- Mechanical, electrical and plumbing design
- Operations modeling and simulation
- Station planning and design
- Systems integration
- Track, civil and special trackwork engineering
- Transit oriented development and land use planning

In the development and completion of these projects, HNTB strives to always apply the best and latest available technology and to ensure project delivery with the least amount of impact on existing operations.

For the MBTA, HNTB has been involved in a number of important projects, including:

- Statewide construction management and project oversight services for federal stimulus projects in which the MBTA is involved
- Design and implementation of a $270 million program to rehabilitate, upgrade and improve commuter rail service on the 50-mile Fitchburg Line, including track, signals, stations and scheduling improvements, all designed to cut the end-to-end running time for commuter trains on the Fitchburg Line to as close to 60 minutes as possible from Fitchburg to North Station
- General engineering and consulting advice to MBTA maintenance-of-way staff on matters pertaining to design, construction, and maintenance of track and roadbed, including environmental, training and safety issues

Providence and Worcester Railroad

The Providence and Worcester Railroad Company (P & W) is a regional freight railroad operating in Massachusetts, Rhode Island, Connecticut and New York. The P & W interchanges freight traffic with a significant number of other railroads, including CSXT at Worcester, MA and at New Haven, CT; with Pan Am Railways at Worcester, MA; with Pan Am Southern and Norfolk Southern Corporation at Gardner, MA; with the New England Central Railroad and Canadian Pacific Railway at Willimantic, CT. The P & W operates four classification yards in Worcester, MA, Cumberland, RI, and Plainfield and New Haven, CT and also operates three equipment maintenance facilities.

The P & W transports a wide variety of commodities for its approximately 160 customers, including automobiles, construction aggregates, iron and steel products, chemicals, lumber, scrap metals, plastic resins, cement, coal and ethanol. In 2011, total freight transported amounted to 35,851 carloads.

In addition to its freight business, the P & W has performed work on MBTA commuter rail locomotives in its maintenance facility in Worcester, MA for over a decade, working on a significant number of the MBTA units and completing a wide variety of repair and upgrade projects. P & W is also under contract to perform all needed commissioning work on the next generation of MBTA locomotives, 20 units currently under construction at Motive Power Industries in Boise, Idaho.

Grafton and Upton Railroad

The Grafton & Upton Railroad (G & U) has operated for over 135 years providing dependable and personalized freight rail transportation to customers in central and eastern Massachusetts. Today it is the only privately-owned, independent shortline in the region to offer rail, logistics, site development, and planning services along our 15 mile route. The Grafton & Upton receives excellent support from its Class 1 interchange partner CSX, and along with its trucking partners, can take you throughout the region, nation or the globe.

Four years ago, this line was virtually inoperable, but through a privately-funded major renovation/upgrade project beginning in 2008, the G & U has seen the reopening of yards in Milford and Hopedale, and a significant amount of trackwork, including ties, ballast and ditching along much of its main line trackage. Current planning calls for one of the next steps in this revitalization process to be the development of a maintenance facility capable of handling both the G & U locomotive fleet and MBTA commuter rail equipment, in a manner similar to the way in which the P & W facility in Worcester is utilized.

R.J. Corman Railroad Group

Headquartered in Nicholasville, Kentucky the R.J. Corman Railroad Group operates in 20 states, as far west as Arizona, and has over 1,000 employees. The Corman Railroad Group has successfully completed a vast range of projects, including:

Construction Services:

- Rail relay / replacement (CWR)
- Flashbutt and thermite welding
- Joint elimination (cut and slide)
- Railroad tie replacement
- Site development / roadbed prep
- Railroad bridge repairs
- Rail tunnel clearance improvement
- Switch (turn-out) building and installation
- Crossing installation

Maintenance of Way Services (MOW):

- Replacement of broken or worn out rail
- Ballast replacement and surfacing
- Brush cutting to clear right-of-way
- Ditching
- Emergency repairs
- Derailment clearing and track restoration
- Vac truck services
- Track undercutting

R.J. Corman Railroad Group has been involved in a number of important projects, including the completion of two of the largest tunnel expansion projects in United States history. The first project involved two tunnels, Hemphill 1 (864 ft.) and Hemphill 2 (1,142 ft.). Project two was the Welch Tunnel, in Welch, WV (1,335 ft.). Both projects are considered "partial liner removal" projects, which require "notching" both sides of the tunnel to provide the additional clearance.

Principal railroad clients include Burlington Northern Santa Fe Railway, CSX Transportation, and Norfolk Southern Railway.

RL Controls

A woman-owned business, certified as a WBE/DBE by the Commonwealth of Massachusetts, with over 75 years of transportation project experience, RL Controls installs, services, maintains and repairs a wide variety of systems critical to the safe, reliable performance of light rail, subway, commuter rail and bus public transportation services. These systems include: propulsion, control, communications and smart vehicle technologies, with rigorous Quality Assurance and Quality Control processes built into and governing every aspect of the services.

Specific examples of the types of systems and projects that RL Controls is currently working on and/or provides include:

- Automatic Train Control/Operation (ATC/ATO) — Repairing and calibrating relays, speed governors and timing modules
- Right-of-way and carborne signals

- HVAC systems — Repairing and rebuilding system components to like-new condition
- Technology support services
- Reverse engineering
- System retrofitting, repair and testing
- Development and implementation of QA/QC programs through the implementation of work processes, procedures and documentation
- Configuration management
- Developing maintenance manuals and providing training

The MBTA selected RL Controls as prime contractor for the maintenance and repair of its Smart Bus System beginning in October 1, 2010. The RL Controls scope includes all field service and maintenance support for the intelligent systems on these vehicles, such as CAD/AVL and APC (automated passenger counting).

Mill City Environmental Corporation

Mill City Environmental Corporation (MCE) is an SBA certified 8(a) company, as well as being a Massachusetts-certified DBE. MCE is an experienced provider of comprehensive environmental services throughout the eastern US. MCE was incorporated in Massachusetts in 2001, and currently maintains its corporate headquarters in Lowell, MA with additional offices in Berlin, CT; New Castle, DE; Norfolk, VA; Richmond, VA; and Mt. Pleasant, SC.

Services performed by the MCE team include:

- Asbestos abatement and demolition
- Environmental remediation and restoration
- Soil remediation and site work
- Emergency response and cleanup
- Disaster recovery support and restoration
- Maritime debris removal and restoration
- Construction support services
- Hazardous waste transportation & disposal

The MCE team is comprised of an experienced staff of engineers, scientists, industrial hygienists, waste management professional, boat & equipment operators, environmental technicians, and laborers that provide high quality technical services to an existing client base that includes the US Navy, US Army Corps of Engineers, US Environmental Protection Agency, Department of Homeland Security, US Coast Guard, US Department of Agriculture, and the Department of Veterans Affairs.

The MCE management team and field staff are highly experienced in federal contract service, for tasks ranging from site remediation activities to routine facility support (e.g., solid waste management, infrastructure repairs etc.), to more complex activities involving hazardous waste and debris management.

MCE has successfully completed a wide variety of environmental projects, including:

- **Athos Delaware River Spill – Delaware River PA & NJ**

  Emergency Response: Clean up and recovery of heavy crude oil from the Athos I Oil Tank

  Dollar Value at: $45,000

  Client: Subcontractor for Moran Environmental Recovery (formerly Fleet Environmental Services LLC)
  75 York Ave, Randolph, MA
  Mr. Brian House; 781-815-1175

- **AMTRAK Debris Removal Project – New York City, NY**

  Removal of debris, concrete, asphalt, etc. from 10+ miles of tracks in Bronx area of New York City
  Dollar Value at: $332,000
  Client: Subcontractor for Moran Environmental Recovery (formerly Fleet Environmental Services LLC)
  75 York Ave, Randolph, MA
  Mr. Brian House; 781-815-1175

- **MBTA Tunnel Cleaning Project – Boston, MA**

  MCE was hired to remove sludge-like materials from the walls of MBTA tunnels throughout the Boston area.
  Dollar Value at: $250,000
  Client: JF White, Framingham, MA
  Bob Lee; 617-558-0435

Keville Enterprises, Inc.

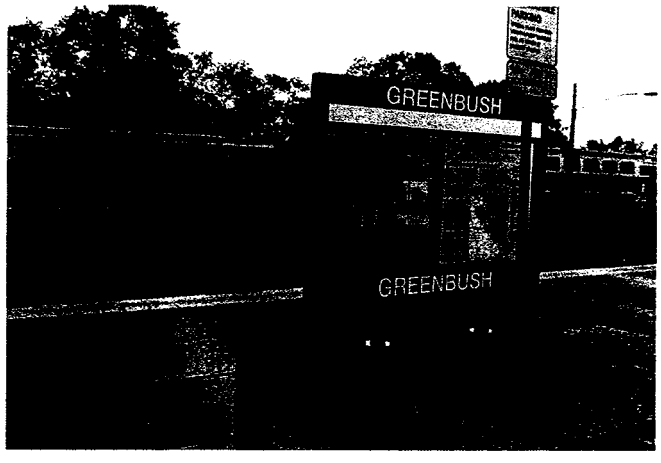
Keville Enterprises, Inc. (KEI) is a 130+ person construction management and inspection firm based in Boston, MA, with offices in MA, CT, NY, VA, MD, FL and TX. KEI is a woman-owned small business certified as a DBE by more than 30 agencies nationwide. KEI specializes in providing services on public projects and has done so on public projects totaling more than $16 billion in value. KEI has served over 150 different clients. KEI is solely a construction management and inspection firm, providing services in several areas, including:

- Program & Project Management
- Cost Estimating
- Scheduling and Schedule Analysis
- Contract Administration
- Claims Avoidance/Cost Containment Reviews
- Claims/Change Order Analysis/Negotiation
- Constructability Reviews
- Document Control
- Construction Inspection
- Licensed Electrical Inspection
- AWS Certified Welding Inspection

Project Experience — KEI has provided services on a variety of public building, utilities, transportation, and highway projects for numerous public agencies, such as the General Services Administration (GSA), U.S. Army Corps of Engineers, U.S. Coast Guard, National Park Service, Massachusetts Highway Department, Massachusetts Port Authority, Massachusetts Turnpike Authority, Boston Water and Sewer Commission, and the Massachusetts Water Resources Authority. Some of the notable projects on which Keville has provided its services include: the Central Artery/Tunnel Project in Boston; the Tren Urbano urban rail project in San Juan, Puerto Rico; the Boston Convention Center and the New Bedford / Fall River Commuter Rail Expansion Project.

KEI has provided a full suite of construction management and project management services for the MBTA for more than 15 years, including cost estimating, scheduling (design, construction, program), claims & change order analysis, document control, risk analysis, and construction oversight/ nspection. KEI has provided these services on a wide variety of MBTA projects. Specific examples include:

- Program Management for the $80 million ARRA capital improvement program. Primary responsibilities include assistance with: project planning/scheduling; project management; cost control/invoicing; project reporting; inspection/quality assurance and document control.
- Construction inspection and quality control services for the restoration of the Greenbush commuter rail line.
- On-call contract services to the MBTA Railroad Operations Department to provide professional engineering services on an as-needed basis, including general design, construction and maintenance, as well as engineering services in the following disciplines: rail facilities, track, signals, communications, commuter rail rolling stock, transportation planning and environmental and safety issues.



Done Right Building Services

Established in 1993, with corporate offices located at Four Copley Place in Boston, Massachusetts, Done Right has over 170 employees. Done Right performs janitorial, mechanical maintenance, landscaping and snow removal services for a wide range of clients.

Done Right Building Services, Inc. is a 100% minority-owned company and is certified as a DBE by the

Commonwealth of Massachusetts and the New England Minority Supplier Development Council. Done Right is experienced in working with collective bargaining agreements and is signatory to the Service Employees International Union — AFL-CIO.

Done Right provides dependable, flexible, safe service with immediate response and cost-effectiveness, while being guided by the Done Right Quality Process implemented for every client, consisting of the following steps:

- Define objectives for success
- Create measures for success
- Regular reporting on data
- Regular reviews against objectives
- Present improvement recommendations
- Re-evaluate goals
- Adapt service as goals change

With continually changing state and federal regulations for chemical usage, combined with the overall environmental strategy of our clients, Done Right has become a leader in environmentally friendly service strategies.

Done Right's clients include MassPort, Boston City Hall, the Federal Aviation Administration, Liberty Mutual and Merchants Bank.

Transit Safety Management, Inc. (TSM)

Headquartered in Georgetown, MA, Transit Safety Management (TSM) is a woman-owned transportation consulting business, currently certified as a WBE/DBE in several states including: Massachusetts, Vermont, New Hampshire, Maine, Connecticut, Rhode Island, Florida, California, Texas, New Jersey, Maryland, Virginia, North Carolina and Washington State. In addition, TSM is certified by Amtrak and a number of major transportation agencies, including: New Jersey Transit and the Southeastern Pennsylvania Transit Authority (SEPTA).

TSM has provided the a wide variety of services to the transit and rail industries, as well as public agencies that contract for passenger rail services, for over 15 years, including:

- Development of implementation and training for System Safety Program Plans (SSPP), Passenger Train Emergency Preparedness Plans and related safety plans to govern passenger rail services
- System safety analyses and safety performance evaluation/audits
- Conduct of FRA-type safety audits
- Development of FRA-required programs for regulatory compliance for rail systems/services
- Commuter and passenger rail operational, equipment maintenance and management audits
- Commuter rail start-up services, including equipment acquisition, operational and capacity analyses, maintenance planning and programming, service scheduling and development of management structures
- Development, drafting and negotiation of commuter rail operating contracts
- Development of custom computerized management tools for passenger rail services, including operations simulation and crew/equipment assignment, cycling and management

For Keolis, TSM developed all of the FRA-required plans and programs for their Virginia Railway Express service and has conducted a series of regulatory and contract compliance audits to assure ongoing adherence to all governing standards and contractual provisions in the operation of the VRE Service.

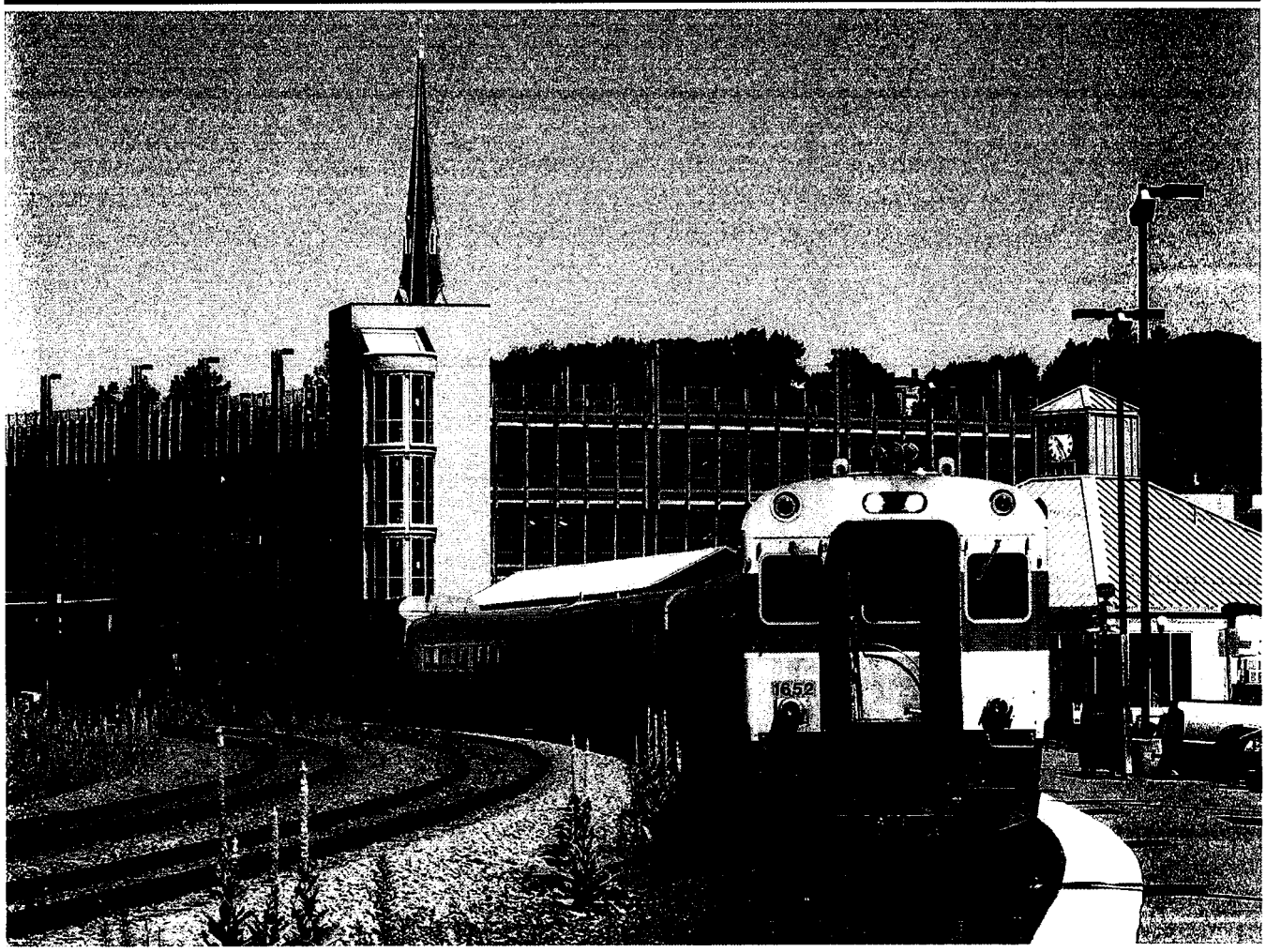
Other recent and ongoing TSM activities include: responsibility for all FRA-required plans and programs for the Altamont Commuter Express commuter rail service in Northern California; participation in the development of both the Massachusetts and the New Hampshire State Rail Plans; the preparation of successful ARRA stimulus funding applications for the Knowledge Corridor project in Western Massachusetts and the expansion of the Downeaster service from Portland to Brunswick, ME.

SECTION SIX-
DIVERSITY

Massachusetts Bay Transportation Authority

Keolis Commuter Services

SECTION SIX – DIVERSITY



Section Six — *Diversity*

Section 6 of the KCS SOQ contains required information relative to the Proposer's DBE and Equal Opportunity/Diversity experience and responds to Section 5.3.2.6 of the RFQ.

A. Experience working with DBEs, MBEs and WBEs

Keolis has successfully utilized DBEs in our Virginia Railway Express service since we began operation of the VRE trains in 2010. To meet the VRE agency goal, currently 5%, for DBE participation, we have employed the following Commonwealth of Virginia-certified DBEs:

- ***Drummac, Inc.*** — Overall equipment appearance/ cleanliness and coach cleaning
- ***Transit Safety Management*** — Preparation of FRA-required plans and programs, development of System Safety and System Security Program Plans, regulatory and safety compliance audits (TSM is also a Commonwealth of Massachusetts-certified DBE and a member of the KCS team for the MBTA commuter rail procurement)

Drummac has been providing these services since Keolis took over the VRE service. TSM began working for Keolis on the VRE service during the mobilization/ transition period.

VRE Contact:

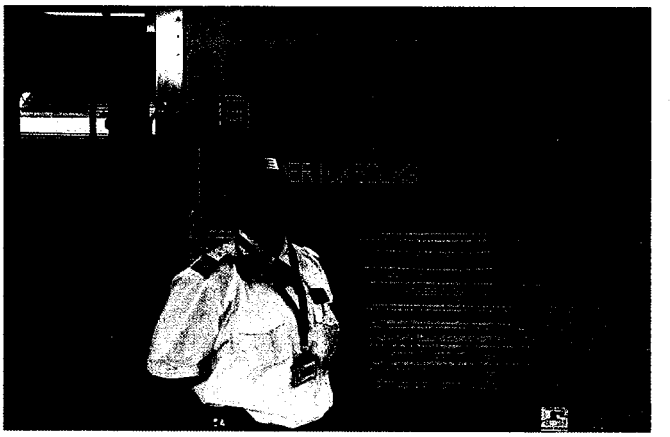
Mr. Richard Dalton
Acting Chief Executive Officer
Virginia Railway Express

Telephone: 703-684-1001
E-mail: rdalton@vre.org

At the present time, the VRE service is Keolis' only passenger rail operation in the Unites States. We are, however, currently a finalist for the MARC commuter service operating contract in Maryland and have proposed a team to the Maryland Transportation Administration (MTA) which includes four Maryland-certified MBE firms and which, if we are selected, will exceed the MTA's requirement of 7% MBE participation in providing the MARC commuter rail service.

Finally, as shown on Form E-3 in Section 5 of this SOQ, the team which we are proposing to the MBTA for the Boston service includes five Massachusetts-certified DBE firms.

B. EEO/Workforce Diversity



As described in Form E-1, Section 5, the Keolis workforce for the VRE service currently includes 16% women, 39% African American and 3% Hispanic employees. Keolis is committed to the principles of equal employment opportunity and workplace diversity and we feel that the very diverse composition of this workforce is a strong validation of that commitment.

Also, as described in Section 5.1 of this SOQ, several Keolis operations in other countries have made commitments to equal opportunity and workplace diversity and are achieving results. In the UK, three of the Keolis franchises have reported the following statistics for workplace diversity:

- **Southern:** 20% minority employees, 15% women employees
- **Southeastern:** 10% minority employees, 13% women employees
- **LondonMidland:** 16% minority employees, 17% women employees

For its part, also as described in Section 5.1, SNCF has undertaken a nationwide effort to recruit more women into the traditionally male-dominated railroad industry and has also hired over 5,000 employees with special needs in recent years.

SECTION SEVEN-
PAST PERFORMANCE

Massachusetts Bay Transportation Authority

Keolis Commuter Services

SECTION SEVEN – PAST PERFORMANCE

Section Seven — *Past Performance*

Section 7 of the KCS SOQ contains Form PPs for both Keolis and SNCF and responds to the requirements of Section 5.3.2.7 of the RFQ.

FORM PP

PAST PERFORMANCE

Name of Proposer: Keolis Commuter Services

Firm Name: Keolis

Claims, Dispute Proceedings, Litigation, and Arbitration Proceedings

Issue/Action	Owner/agency initiated action	Resolution/ outcome	Indicate if unresolved or outstanding action	Current owner contact name, telephone number, and E-mail address
Keolis has not experienced any Claims, Dispute Proceedings, Litigation and/or Arbitration Proceedings involving amounts in excess of $1 million in any of its referenced commuter rail services over the past five years.				

Termination for Cause or Default

Contract	Describe reason for termination	Dollar amount involved	Current owner contact name, telephone number, and E-mail address
Keolis has not experienced any Contract Terminations for Cause or Default over the past five years.			

Disciplinary Action

Action	Describe action taken	Current owner contact name, telephone number, and E-mail address
Keolis has not experienced any events that have led to Disciplinary Action in its referenced commuter rail services over in the past five years.		

continues next page

Safety Issues/Accidents

Issue/ Accident	Describe issue/accident	Federal Railroad Administration investigation?	Current owner contact name, telephone number, and E-mail address
Keolis has experienced one safety issue occurring in the Southeastern franchise in the United Kingdom on November 8, 2010. There are no other safety issues or Accidents to report in Keolis' referenced commuter rail services over the past 10 years.	On November 8, 2010, the 0645 London Charing Cross to Hastings train operated by the London & South Eastern Railway Limited ("Southeastern") ran through a scheduled stop at Stonegate station. The engineer had applied the train's emergency brake and the train continued on for a distance before stopping. There was no accident or derailment. There were no injuries and no damage to the equipment or rail infrastructure. This incident occurred due to a low level of track/train adhesion as a result of steady rain and high winds, causing significant fresh leaf fall. This particular day had been classified by the Infrastructure Maintenance Provider, Network Rail, as a "black day" which is the most severe classification and indicates that a low level of adhesion is to be expected. Network Rail has primary responsibility for managing and improving adhesion and they seek to discharge this duty through vegetation management and rail head treatment. Network Rail had treated the line the previous evening. The train operating companies, such as Southeastern, also have a number of measures in place to manage low adhesion, one of which is sanding to provide additional adhesion between the wheel and the rail. In this case, however, neither the treatment of the rail, nor the sanding effort, nor any other measures taken were sufficient to stop the train at Stonegate station. Southeastern was prosecuted by the Office of Rail Regulation (ORR) for failing in its duties under the governing health and safety law and not having in place an effective procedure to reliably ensure that sufficient sand was available on class 375 Electrostar (Electric Multiple Units or EMU equipment) trains to assist braking. On 6 July 2012, Southeastern was fined £65,000. The judge in his sentencing noted the significant commitment to safety shown by Southeastern. Southeastern has an excellent safety record. It has invested significant time, effort and resources at all levels of the company, from top management on down, in a number of ongoing safety programs and safety initiatives and developing and enhancing the safety culture throughout the Railway. In response to the Stonegate incident, Southeastern management installed a new low-sand alert in the engineer's cab of all the Southeastern EMUs, implemented a new procedure to ensure that engineers notify the appropriate control point whenever that alarm goes off, hired additional sanding personnel and reduced the interval for replenishing sand boxes on the equipment by several days. Keolis has been involved in operating commuter trains in the UK since 1996 and is currently responsible for the safe, reliable operation of nearly 6,000 daily trains in four separate franchises. This is the first prosecution of this type that any Keolis franchise has experienced over that sixteen-year period.	Investigation conducted by the Office of Rail Regulation, the FRA-equivalent agency in the UK.	**Current Owner:** Department for Transportation, UK **Contact Name:** Mr. Paul Rodgers **Telephone number:** 011-44-207-944-4774 **E-mail:** paul.rodgers@dft.gsi.gov.uk

FORM PP

PAST PERFORMANCE

Name of Proposer: Keolis Commuter Services

Firm Name: SNCF

Claims, Dispute Proceedings, Litigation, and Arbitration Proceedings:

Pursuant to the requirements of Section 5.3.2.7 of the RFQ, SNCF has nothing to declare for this section of Form PP and hereby states that there have been no Claims, Dispute Proceedings, Litigation and/or Arbitration Proceedings initiated against SNCF involving amounts in excess of $1 million by any owner and/or federal, state or local regulatory agency within the past five years. In the interest of the broadest possible disclosure, however, SNCF is declaring that it has initiated legal proceedings against the public transportation authority (PTA) for the Rhône-Alpes TER, in the approximate amount of $77 million, and against the STIF, the public transportation authority for the Transilien TER, in the approximate amount of $87 million, for the refusal of the PTA, in each case, to bear their share of increased pension costs resulting from a change in the pension law by the French government. These legal actions are still outstanding and unresolved at this point.

Issue/Action	Owner/ agency initiated action	Resolution/ outcome	Indicate if unresolved or outstanding action	Current owner contact name, telephone number, and E-mail address
SNCF has not experienced any Claims, Dispute Proceedings, Litigation and/or Arbitration Proceedings involving amounts in excess of $1 million in any of its referenced commuter rail services over the past five years.				

Termination for Cause or Default

Contract	Describe reason for termination	Dollar amount involved	Current owner contact name, telephone number, and E-mail address
SNCF has not experienced any Contract Terminations for Cause or Default over the past five years.			

Disciplinary Action

Action	Describe action taken	Current owner contact name, telephone number, and E-mail address
SNCF has not experienced any events that have led to Disciplinary Action in its referenced commuter rail services over in the past five years.		

Safety Issues/Accidents

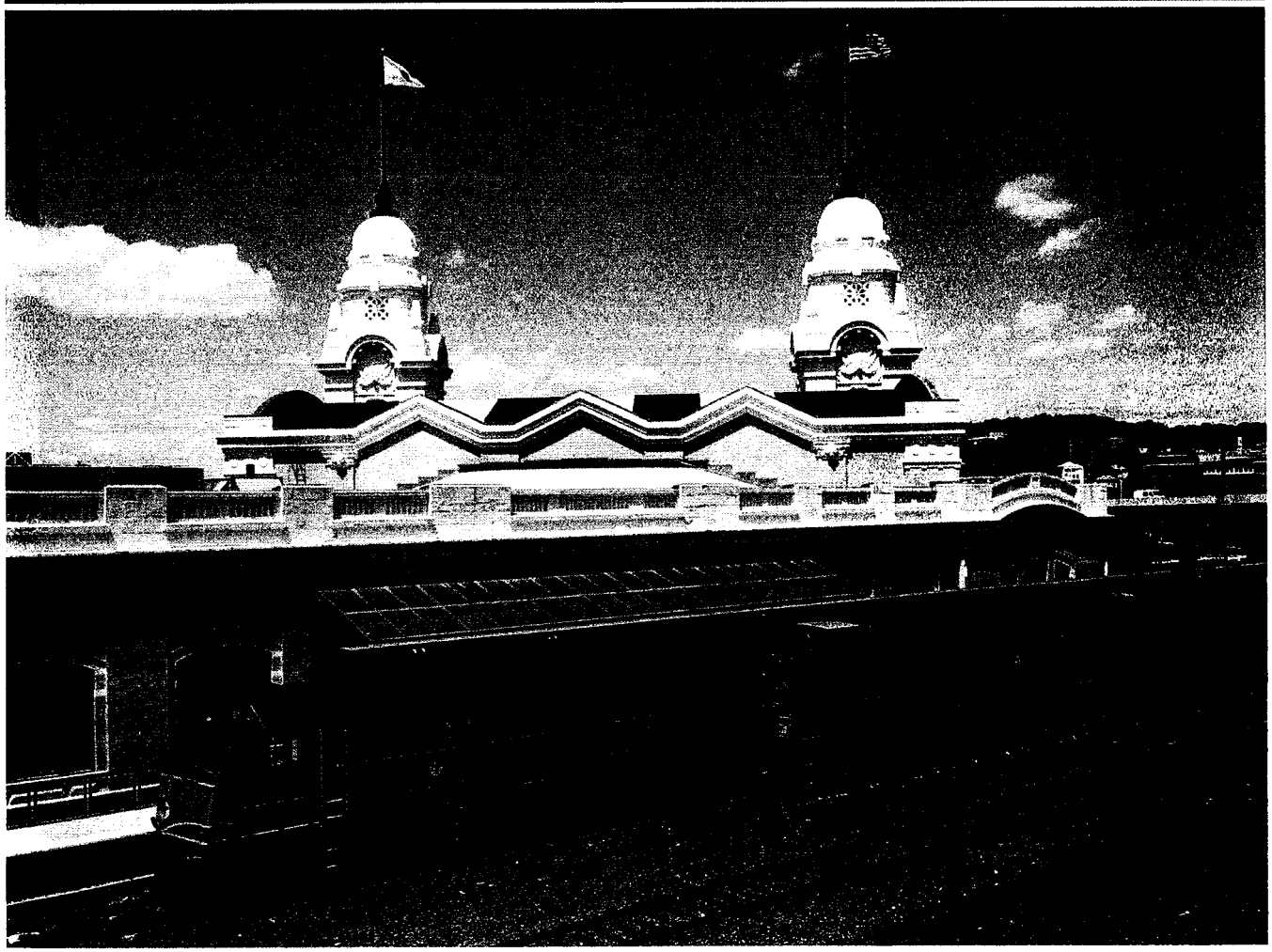
Issue/Accident	Describe issue/ accident	Federal Railroad Administration investigation?	Current owner contact name, telephone number, and E-mail address
SNCF has not experienced any Safety Issues or Accidents in any of its referenced commuter rail services over the past 10 years.			

APPENDICES

Massachusetts Bay Transportation Authority

Keolis Commuter Services

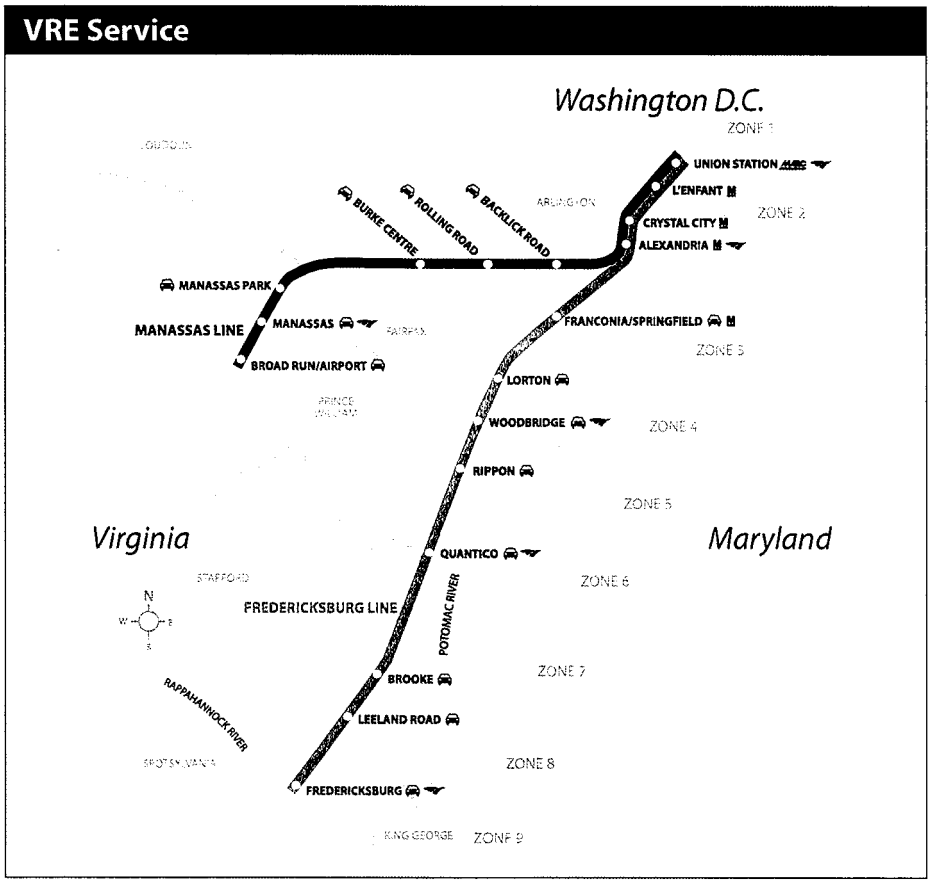
APPENDICES

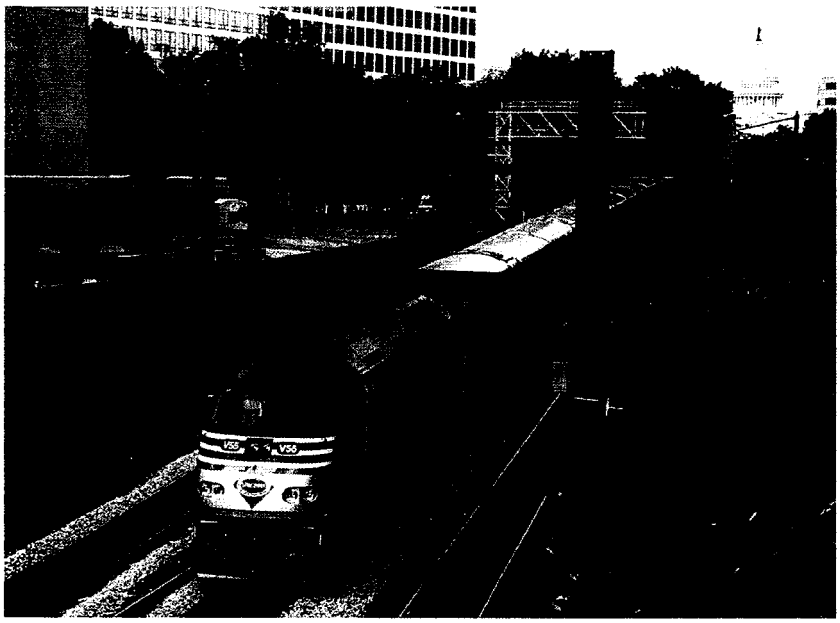


Appendix 1

Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos

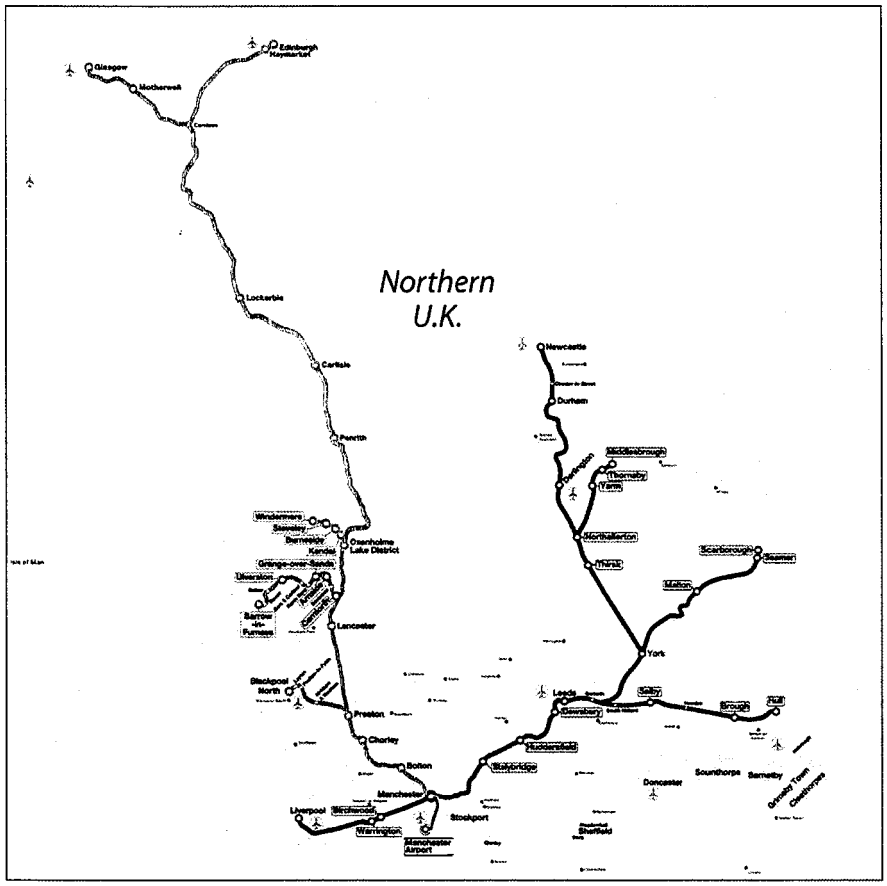
1 of 10. VRE Service, Virginia, USA / Keolis America

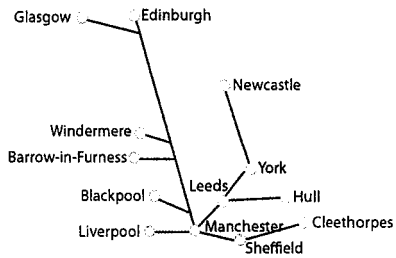




Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

2 of 10. TransPennine Express, United Kingdom / Keolis



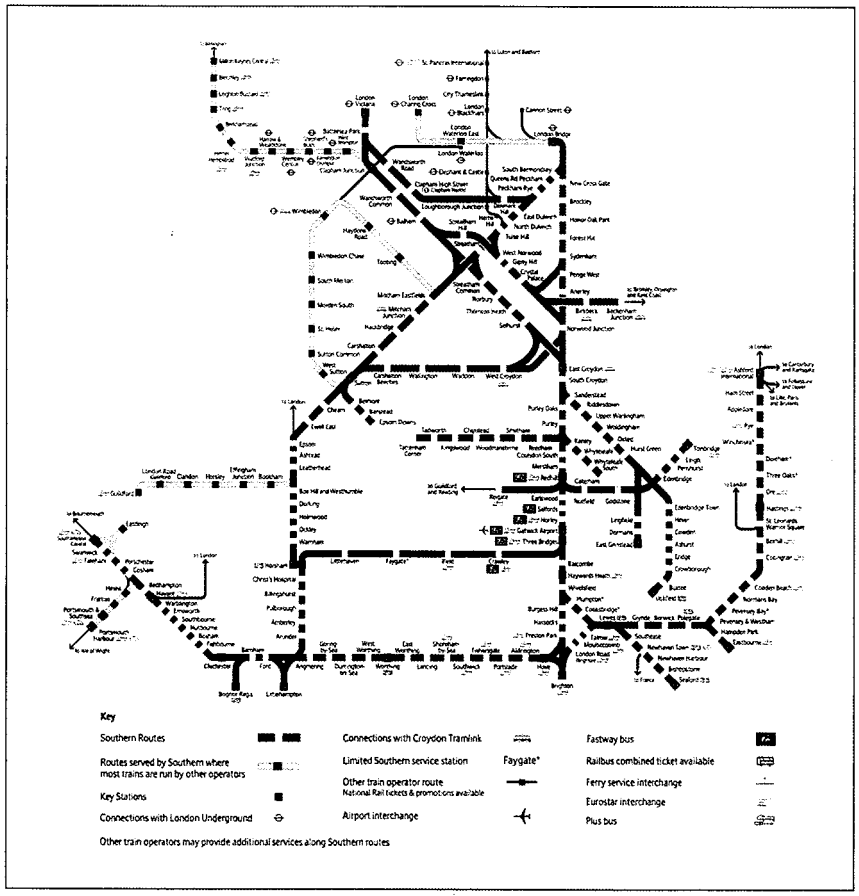


U.K.

TransPennine Express network

Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

3 of 10. Southern Network, United Kingdom / Keolis



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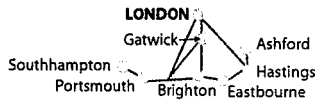
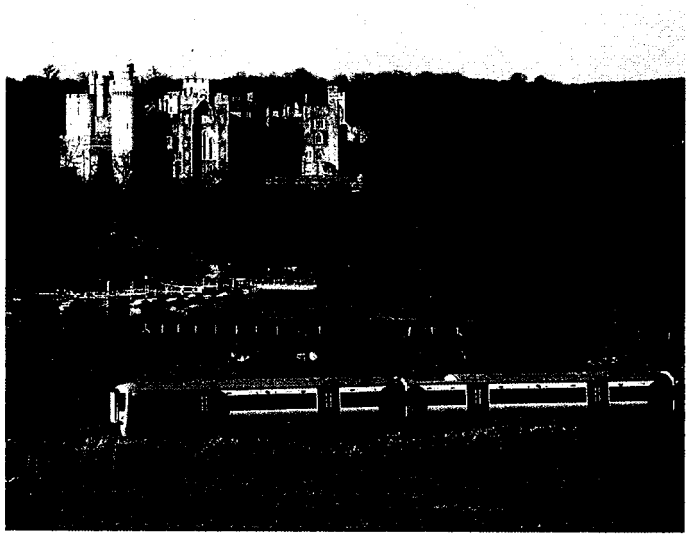
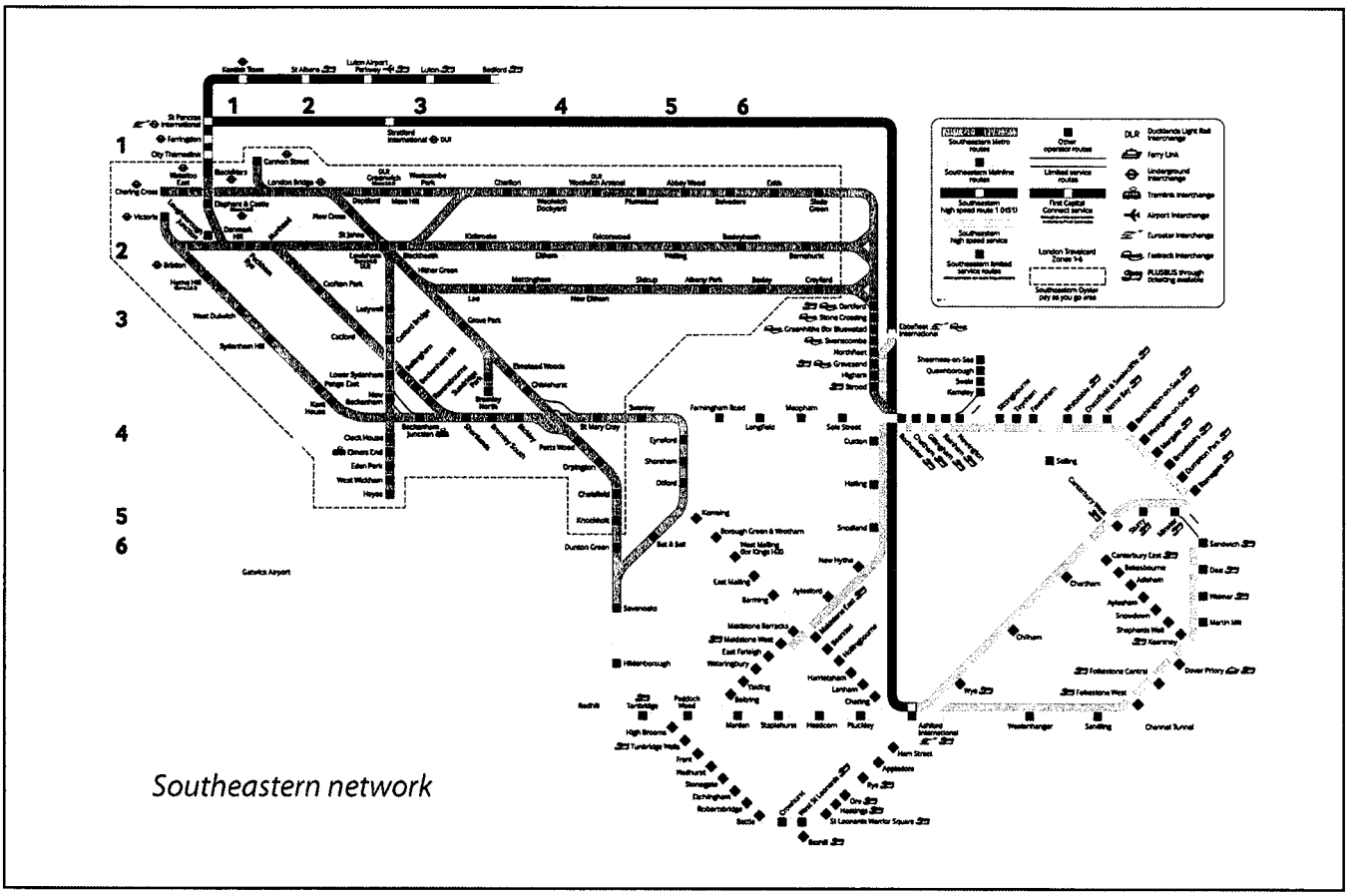


Southern network

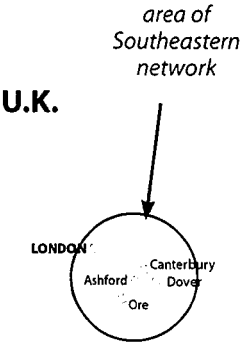


Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

4 of 10. Southeastern Network, United Kingdom / Keolis

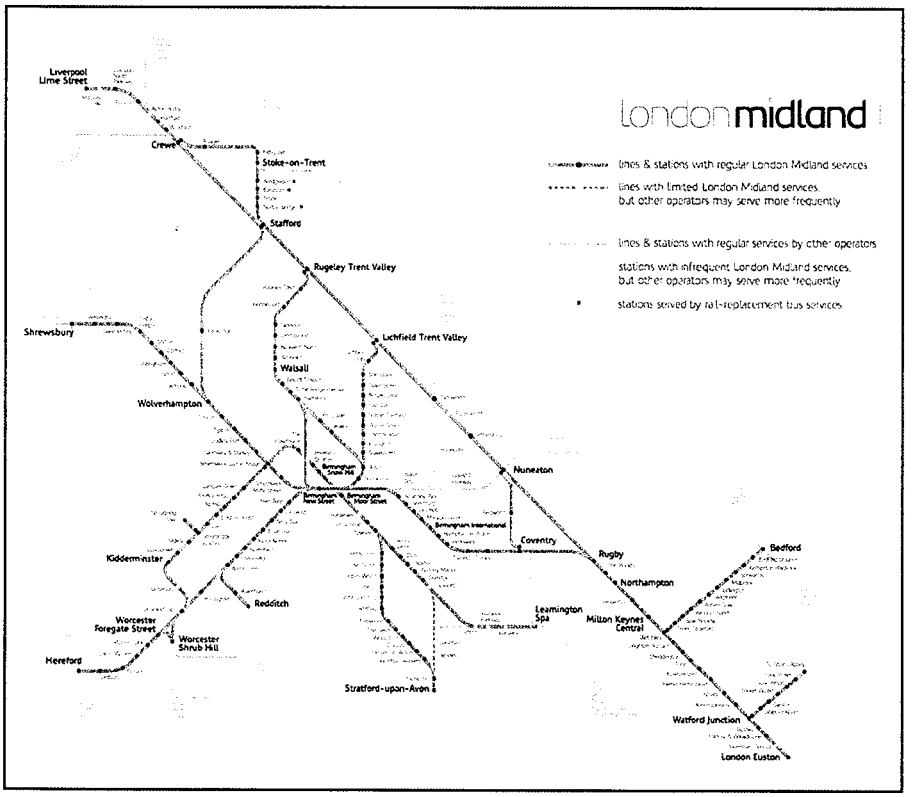


Southeastern network



Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

5 of 10. LondonMidland, United Kingdom / Keolis



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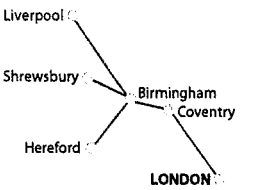
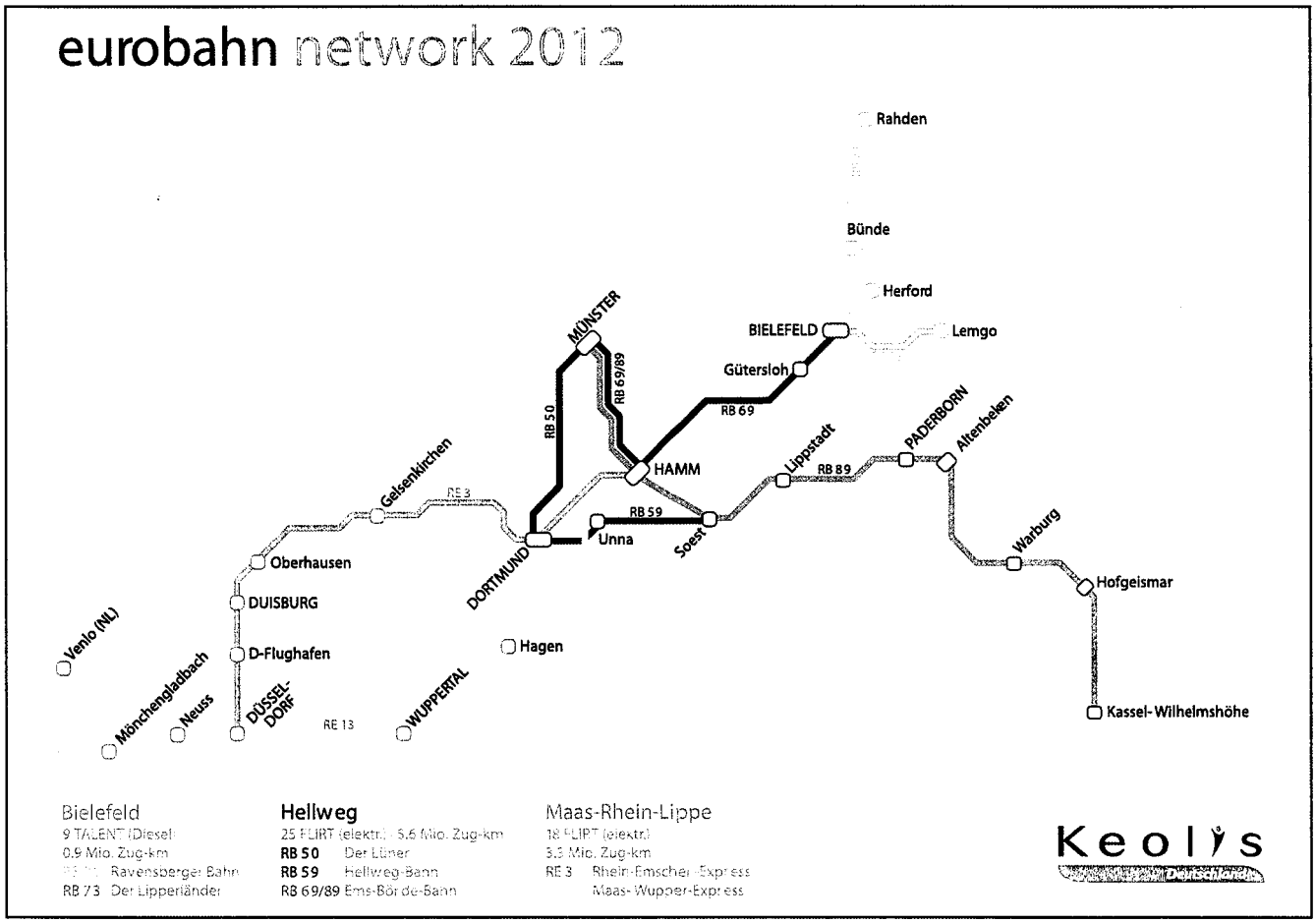
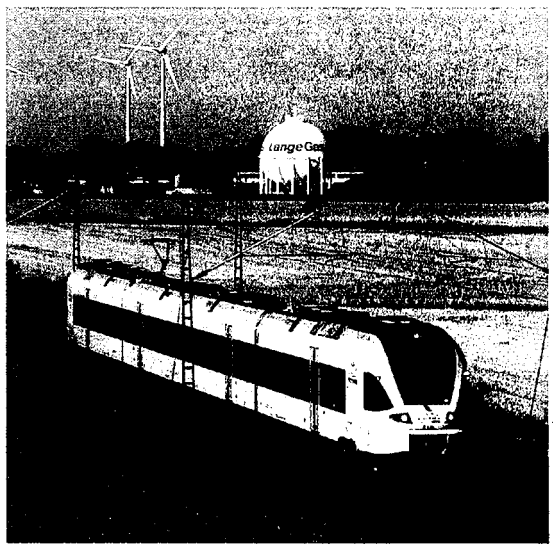


LondonMidland network

Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

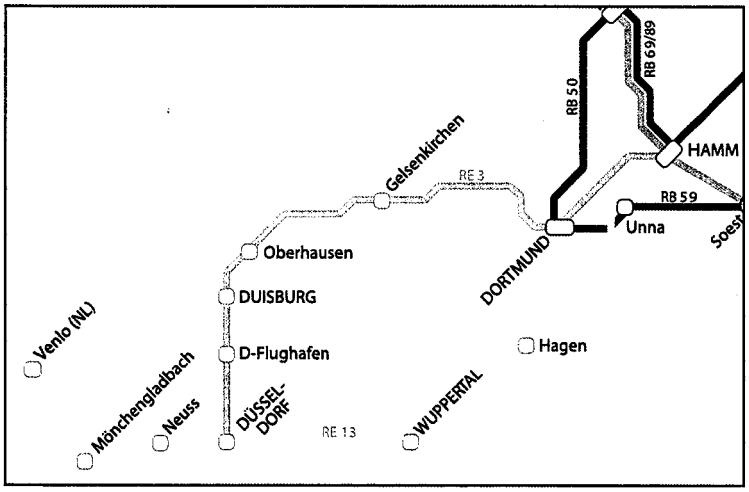
6–8 of 10. Maas-Rhein-Lippe, Hellweg and Bielefeld Networks, Germany / Keolis





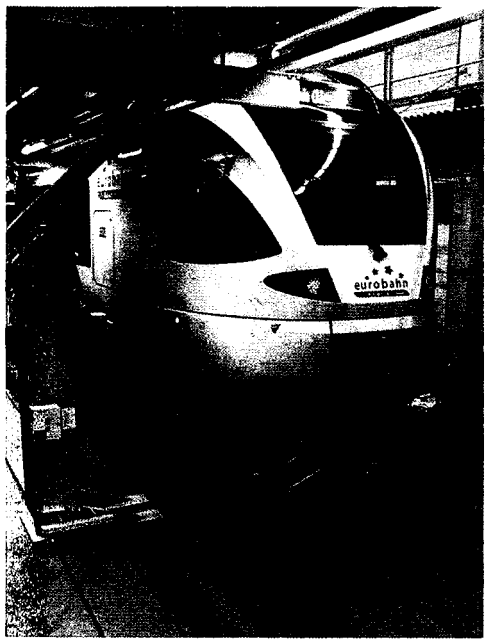
Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

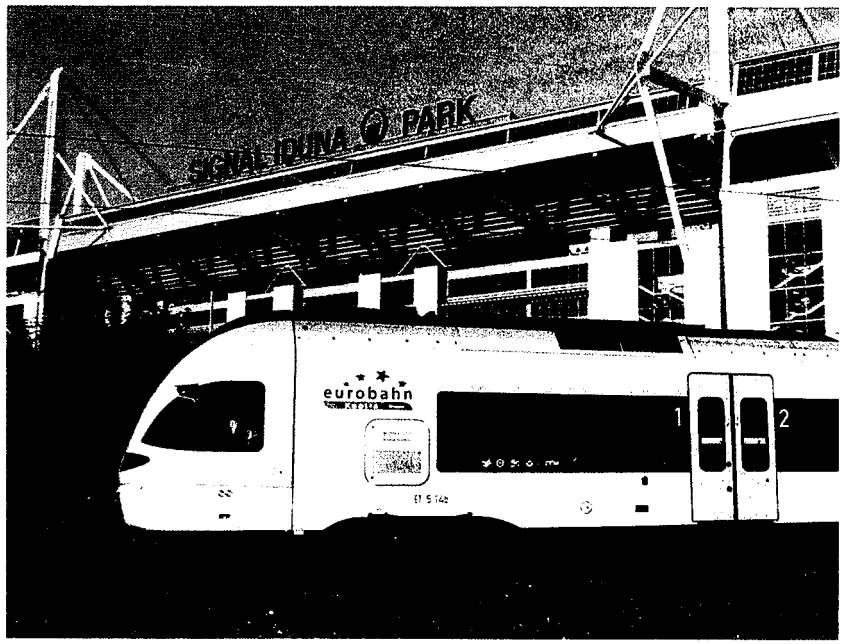
6 of 10. Maas-Rhein-Lippe, Germany / Keolis



Germany

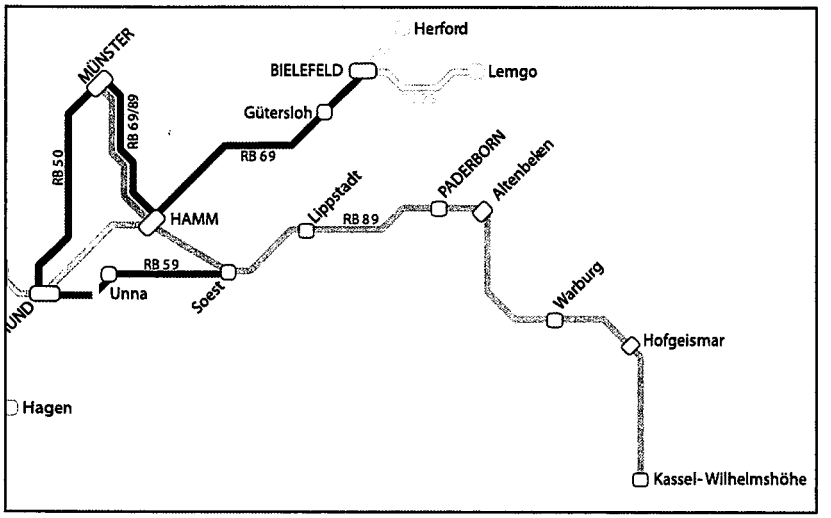
Maas-Rhein-Lippe network

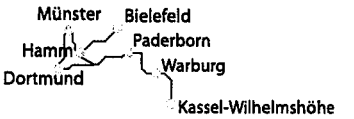




Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

7 of 10. Hellweg Network, Germany / Keolis



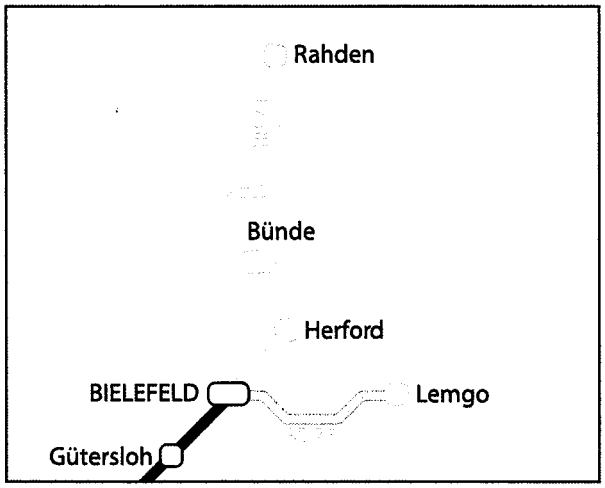


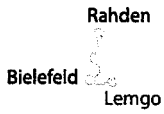
Germany

Hellweg network

Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

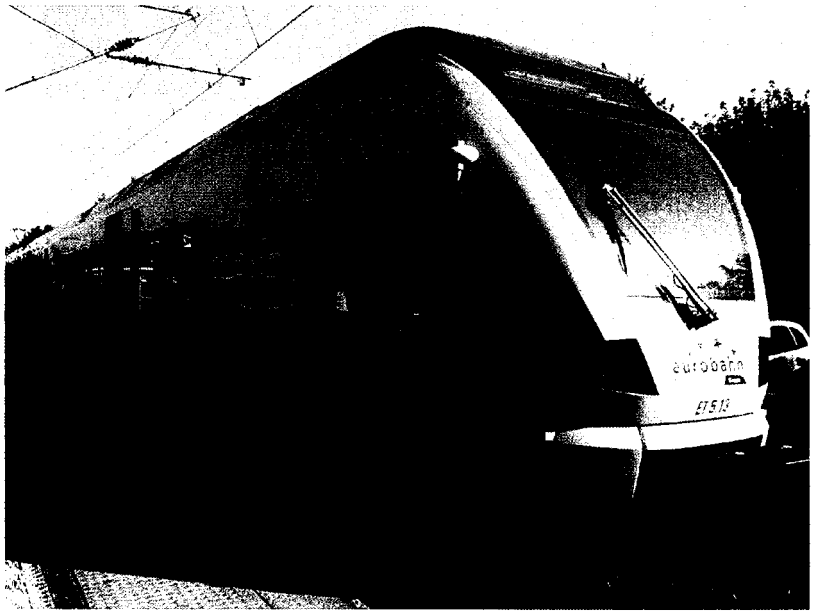
8 of 10. Bielefeld Network, Germany / Keolis





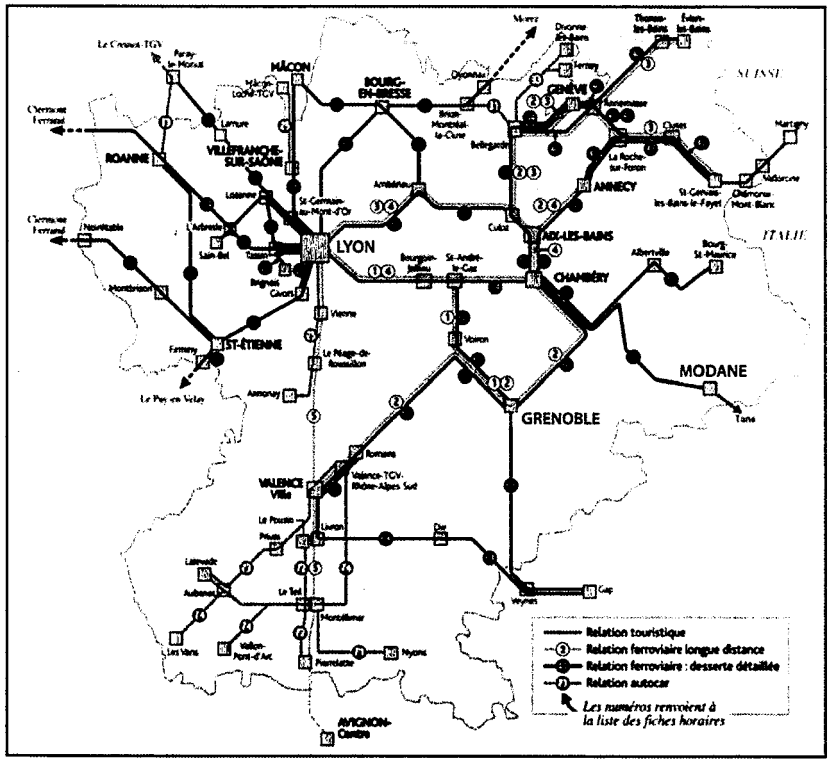
Germany

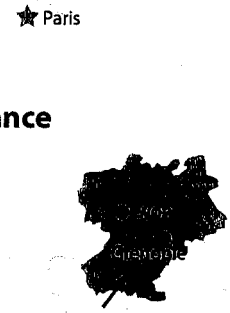
Bielefeld network



Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

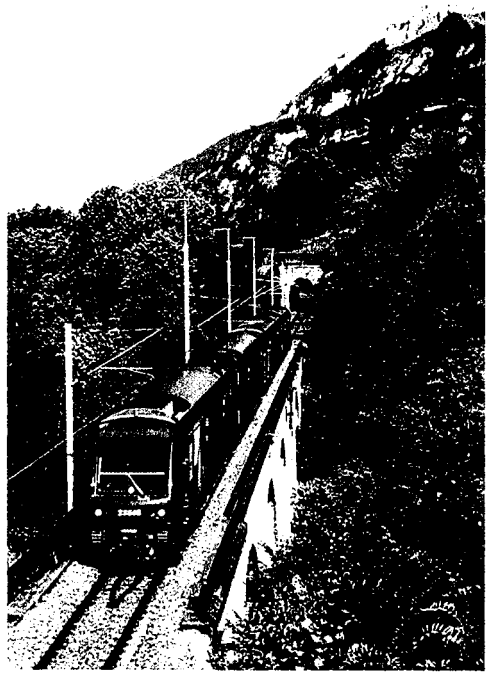
9 of 10. TER, France / SNCF





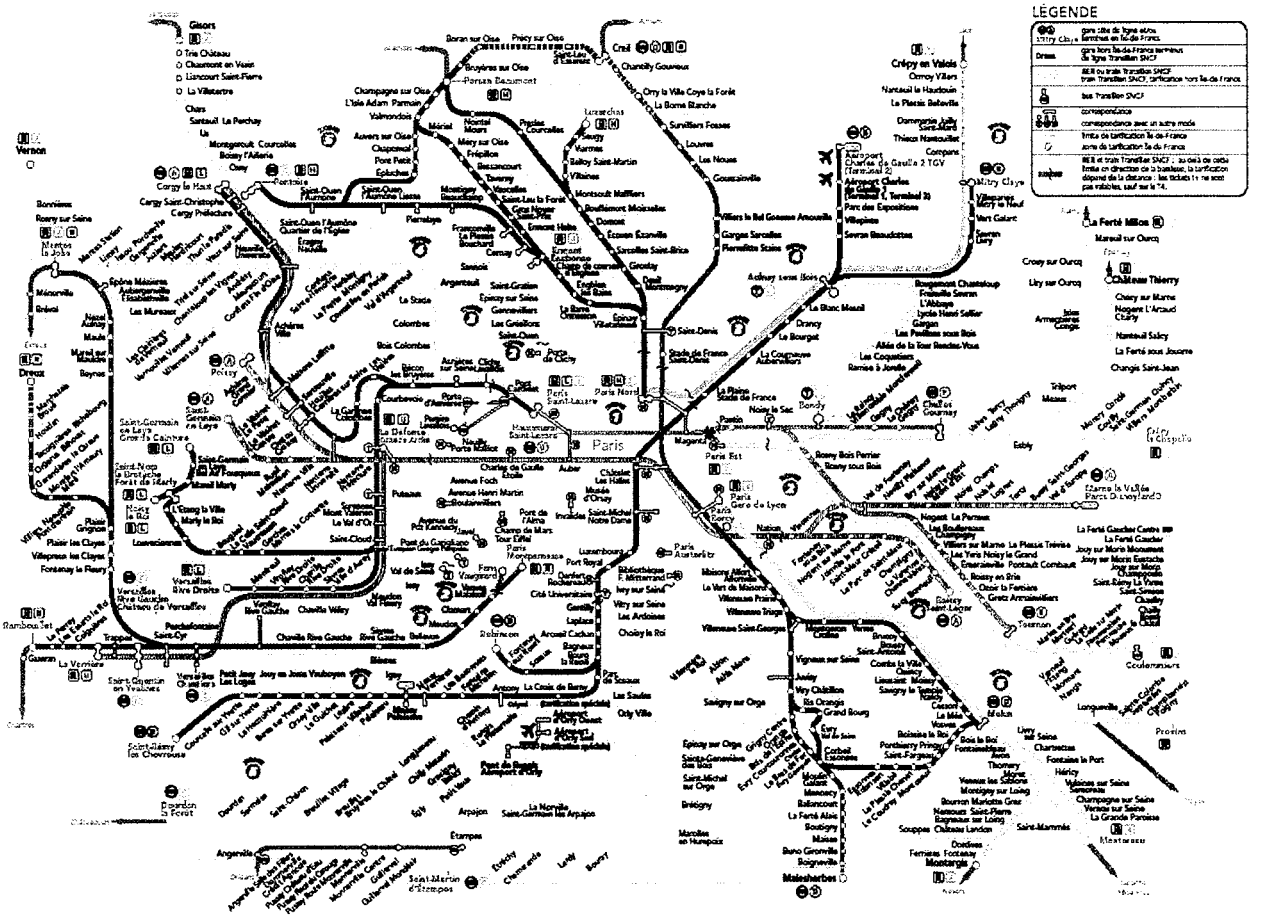
Rhône Alps region

TER network, Rhône Alps region, France

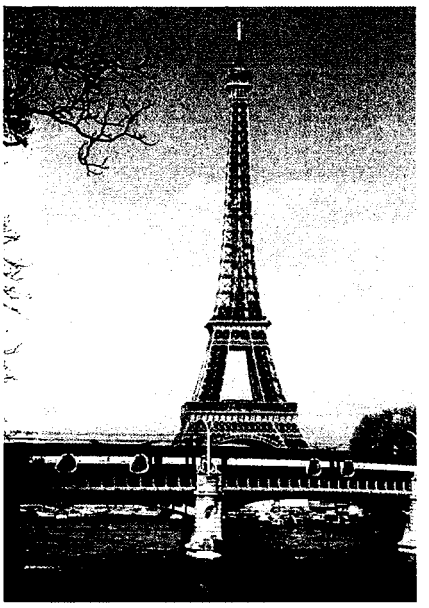


Appendix 1: Past Experience Description (Form E-1, Section 5): System Maps & Photos, cont.

10 of 10. Transilien, France / SNCF



Transilien network, greater Paris, France



Appendix 2

Appendix 2: Letter of Reference

VIRGINIA RAILWAY EXPRESS
1500 King Street, Suite 202
Alexandria, VA 22314
P: (703) 684-1001
F: (703) 684-1313
www.vre.org

June 14, 2012

Ms. Claudia R. Russell
Chief Procurement Officer
Massachusetts Bay Transportation Authority
Ten Park Plaza, Suite 2810
Boston, MA 02116

Re: Letter of Reference for Keolis America, Inc.

Dear Ms. Russell:

At the request of Keolis America, Inc., the Virginia Railway Express (VRE) is providing this letter of reference to the Massachusetts Bay Transportation Authority.

In July 2010, Keolis America, Inc. assumed operations and maintenance of VRE service after they were found to be the best and most qualified bidder in a competitive solicitation.

Since then, Keolis has operated 32 trains per day and maintained over 120 railcars and locomotives for VRE. The level of operational and customer service provided to VRE riders during the period has been exceptional. For the past eight months, the system on-time performance has been above 95 percent. Riders have remarked about the improvement in the service since the service was assumed by Keolis. Keolis has met all terms and conditions of our contract and have been very responsive to the desires and need of VRE and our riders.

Please contact me personally for any additional information you may need.

Sincerely,

Dale Zehner
Chief Executive Officer

VRE™

Appendix 3

KEOLIS GROUP

AT A GLANCE

Keolis

Moving further together

HISTORY

With a history that goes back over a century, Keolis' founding constituent parts were already key players in a number of different public transport domains.

- In the automobile industry, the company STA was created in 1908 as a subsidiary of Renault; this later became SGTD.
- Lesexel was founded in 1911 with a view to develop power generation and supply, particularly with regard to tram systems.
- STRV was established in 1964 to service the regional bus market. It was a subsidiary of SNCF and was later renamed Cariane.

Over the course of the 20th century, various restructuring operations, mergers and acquisitions took place, resulting in two key players, VIA GTI (whose ancestors were SGTD and Lesexel) and Cariane.

In 1999, SNCF became the leading shareholder in VIA GTI, which merged with Cariane to become VIA Cariane. In 2001, VIA Cariane was renamed Keolis.

10 KEY FACTS

2002

2002
Acquisition of the majority shareholding (75%) of Groupe Orléans Express, leading operator of passenger coach transportation in Quebec.

Sale of the British passenger rail franchise Southern in partnership with Go-Ahead.

2003
Acquisition of a majority shareholding (70%) in Swedish bus operator Busslink.

2005
Keolis wins the Southeastern rail franchise in the UK, with Go-Ahead.

2006
Birth of an independent rail company in Germany through Keolis Deutschland, which won the operating contract for Hellweg-Netz.

Keolis is a leading public transport operator in Europe and across the world. The Group develops tailor-made mobility solutions to suit the needs of local authorities, in tune with the changing travel patterns of today's passengers.

2008

2009

2007
Whole owner of the Danish bus company City-Trafik.

Purchase of majority shareholding in the Belgian bus company Eurobus, holding and founding of Keolis Vlaanderen.

New activities in Melbourne in Australia, Washington DC in the USA, Bergen in Norway and Bordeaux in France.

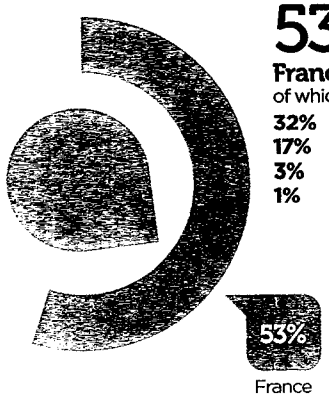
2010
Equity tie-up with EFFIA. Renewal of urban contracts in Lyon and Lille, in France.

2011
Purchase of Tectrans in the USA. Keolis wins the Orléans urban network in France.

2011 KEY FIGURES

With revenue up more than 8%, Keolis recorded excellent results in 2011. In France, the company won major contracts through offensive bids, such as Aix-en-Provence, Orléans and Metz. Internationally, two new Public Private Partnerships (PPP) contracts were signed, one in Nottingham, UK and the other one in Gold Coast, Australia.

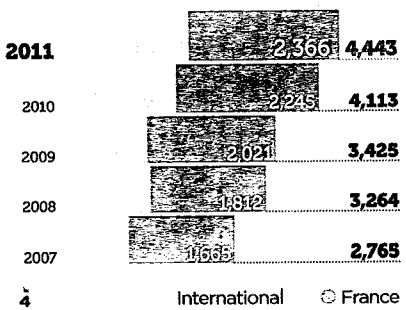
2011 Revenue breakdown



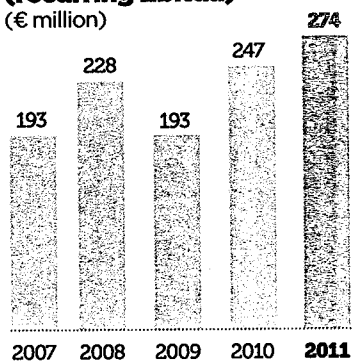
53%
France
of which
- **32%** Urban
- **17%** Regional
- **3%** EFFIA
- **1%** Other

47%
International
of which
- **19%** United Kingdom
- **12%** Scandinavia
- **6%** Australia
- **5%** Benelux
- **3%** Germany
- **2%** North America

Evolution of the revenue
(€ million)

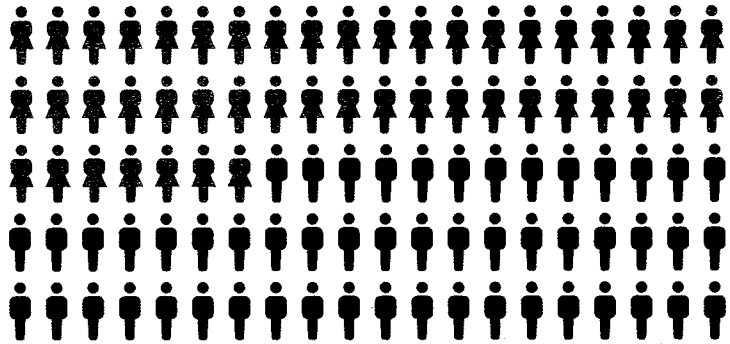


Evolution of profitability (recurring Ebitda)
(€ million)



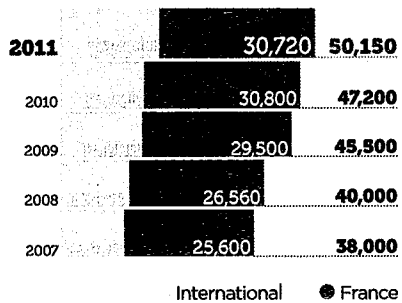
Workforce split in 2011

47% **women**
recruited by Keolis S.A. in 2011. They represent **32%** of managers compared to **24%** in 2004

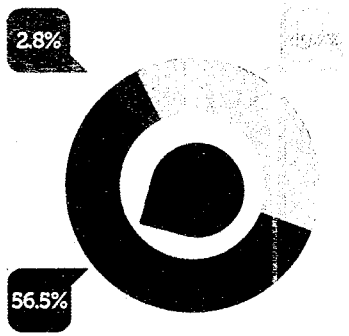


Change in employee numbers since 2007

In 2011, Keolis recruited 3,000 employees in France, 2,100 internationally



Shareholder breakdown as of 1 January 2012



- SNCF Participations
- AXA Private Equity + Caisse de dépôt et placement du Québec
- Keolis management and employees

Keolis applies its know-how in 12 countries across the world.

KEOLIS IN FRANCE

The market leader in urban transport, a major car park operator, the second biggest player in cycle hire and the leading carrier of people with reduced mobility. Keolis is the only player to offer solutions across all modes of transport.

88

urban networks, 32% of Group revenue.

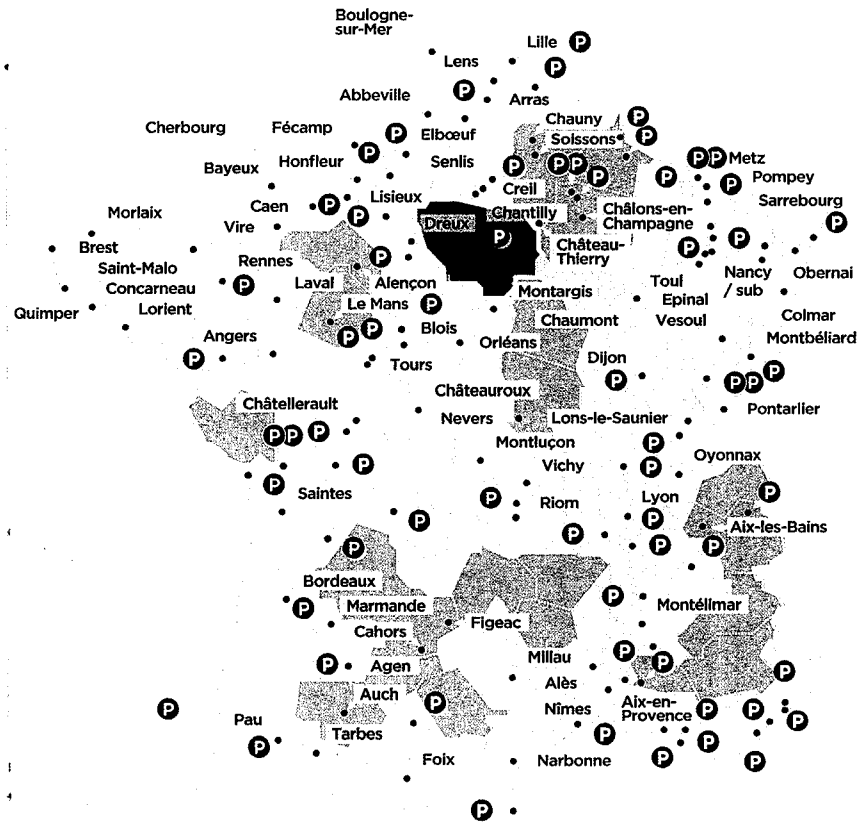
74

French departments covered by regional networks, 17% of Group revenue.

130

towns and cities have EFFIA car parks.

- Town Urban networks
- Regional bus and coach operations
- Car parks with more than 300 spaces
- In Ile-de-France, Keolis manages 11 suburban transport zones and EFFIA operates 26 car parks with more than 300 spaces



KEOLIS IN EUROPE

In Europe, a natural platform for the Group's development, Keolis has leading positions in each of the countries in which it operates. Since December 2011, Keolis has strengthened its position in the UK through the signature of a Public Private Partnership (PPP) contract, as part of the Tramlink Ltd consortium, to operate and expand the existing tram network in Nottingham.

The Netherlands

97 million travellers per year
Bus and train operator
via Syntus.

Sweden

Second largest operator in the country and leading bus operator in Stockholm
The biggest fleet of environmentally friendly vehicles of the Group, with 1,155 buses.

Denmark

Second largest bus operator in the country mainly located in Copenhagen and Aalborg.

United Kingdom

19% of Group revenue
Operator of the Nottingham tramway and of 4 rail franchises including Southeastern with the High Speed service, connecting London to the Kent region.

Belgium

Leading private operator of buses and coaches with 42 subsidiaries.

Portugal

50 million travellers per year
Operator of the Porto urban tramway through the Prometro consortium.

Germany

26 million travellers per year
Key rail operator, with 4 franchises.

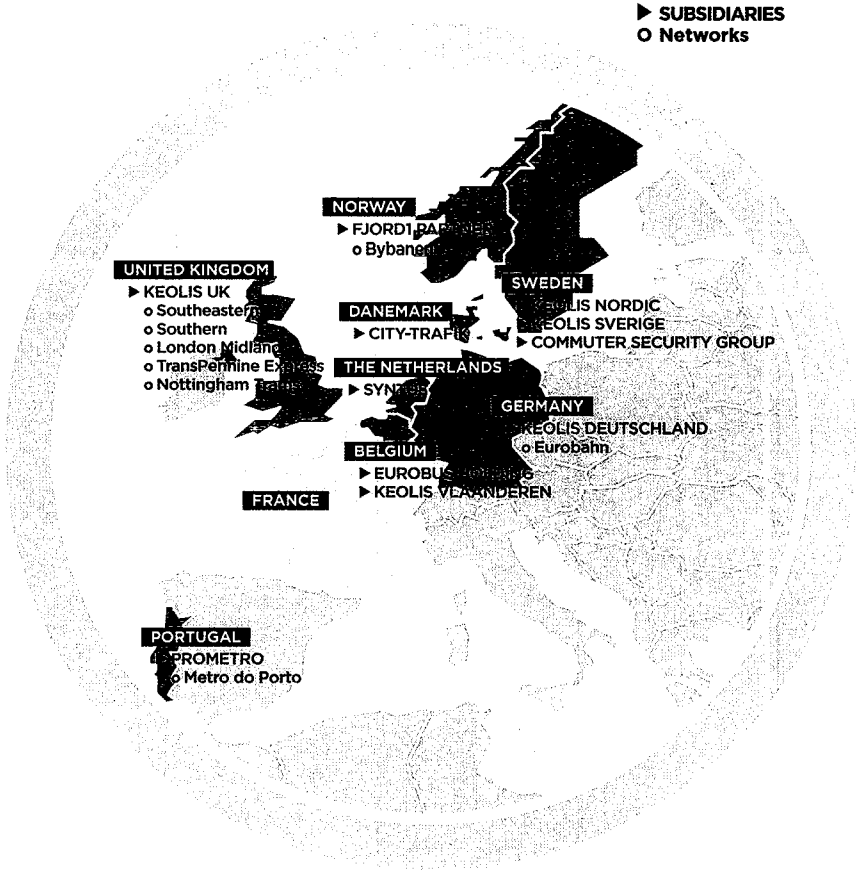
Norway

Customer satisfaction at 99% in 2011
Operator of the new tram in Bergen.

39%

of Group revenue comes from Europe (excluding France)

▶ **SUBSIDIARIES**
O Networks



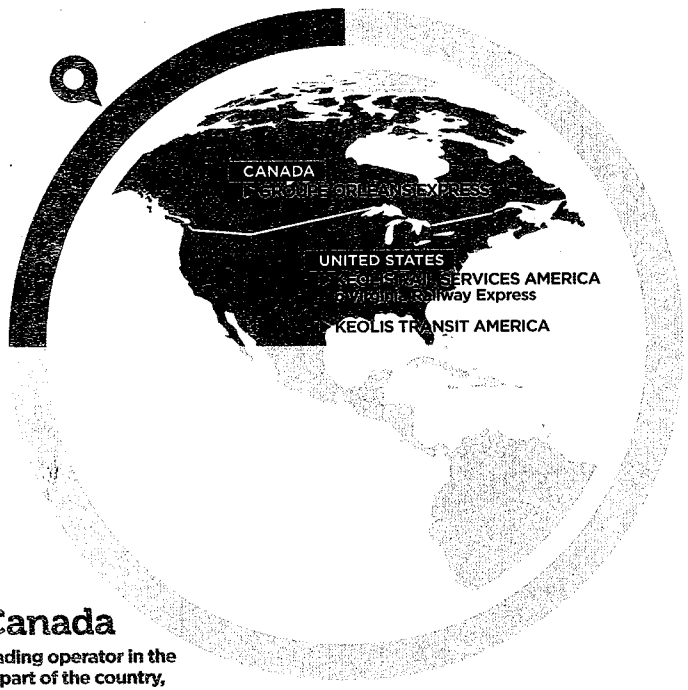
KEOLIS AROUND THE WORLD

In the United States, with Keolis Transit America (formely known as Tectrans), the Group now offers a complete range of transport services (rail and transit). In Australia, construction works to build the future tramway on the Gold Coast have started and the service will be launched in 2014.

98%
record punctuality rate for Virginia Railway Express (VRE) in the United States

180
million
passengers per year in Melbourne

▶ **SUBSIDIARIES**
O **Networks**

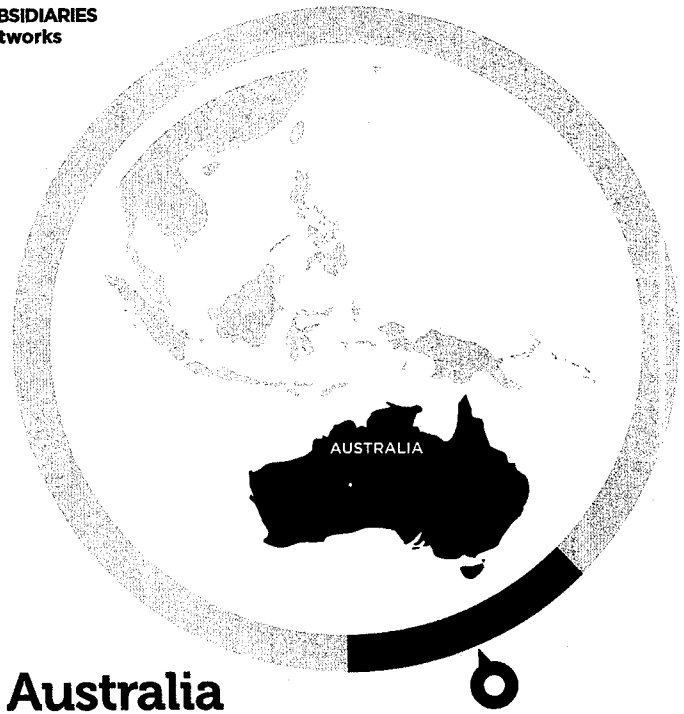


Canada

As the leading operator in the eastern part of the country, Groupe Orléans Express has been wholly owned by Keolis since December 2011.

United States

1,525 vehicles
for Keolis Transit America which operates in California, Florida and Virginia. For its first year of operations, VRE increased ridership by 10% on the service connecting Washington to the suburbs.



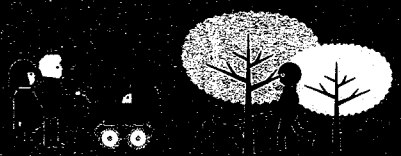
Australia

50,000 passengers per year are expected on the Gold Coast tram as soon as it starts service in 2014. Keolis already operates the largest tram network in the world, Yarra Trams, in Melbourne.

Serving local authorities

What do local authorities expect?

- Increased use of public transport, modal shift and a move towards using alternative forms of transport (bike, car sharing, etc.)
- An ability to make transport networks evolve to better suit new lifestyles
- A high-quality service for all types of passengers and communities
- A seamless integration with other public transport modes
- Advice based on the Group's international expertise and benchmarking capabilities in different areas (rail, employee relationship management, marketing)
- A partner relationship, permanent availability and a high level of responsiveness
- Innovative solutions that improve the offer and services, while growing market share and maximising return on investment



Keolis offers local authorities...

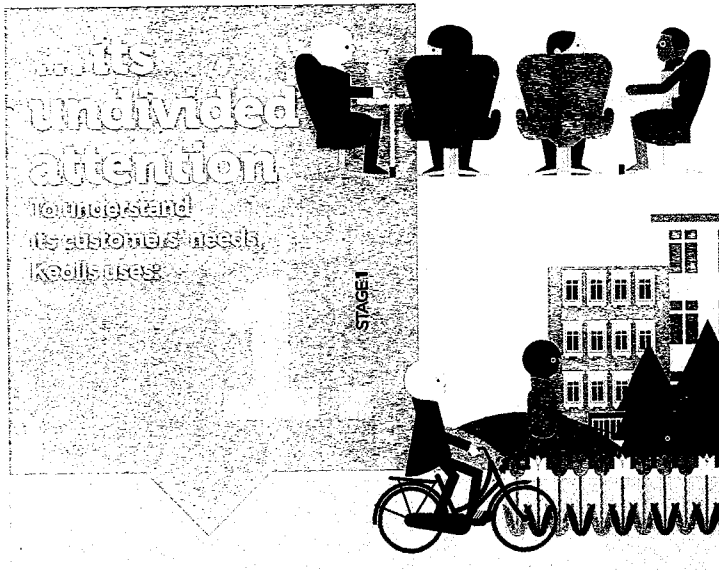
Processes for **network service re-engineering** including:

1. tools designed to analyse and identify the potential for achieving an equitable policy for the studied area;

2. reorganisation, consultation and launch guidelines designed to ensure the success of network redesigning projects;

3. network construction techniques and the introduction of a new product range.

Experience in **multimodal** and **intermodal systems** gained through its leadership position in many different transport modes (train, tram, metro, bus, etc.).



...its expertise

In response to local authority expectations, Keolis offers:

Transport industry monitoring and surveys to track changes in lifestyles, attitudes and personal mobility.

A **permanent dialogue** with local authorities.

...its policy of continual improvement

Keolis delivers tangible proof of service effectiveness through:

4.

Its culture of providing **quantified feedback**.

Its ability to question itself and ensure **continued development** of its processes and recommendations.

Provide **technical support** for subsidiary companies.

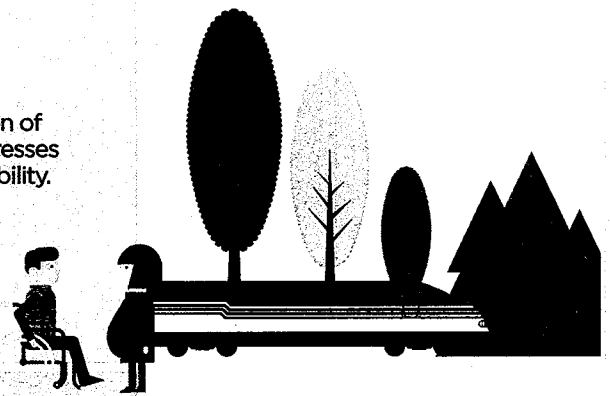
Keep the transport authority **fully informed** on day-to-day network management issues.

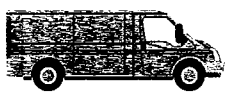
Fulfil contractual engagement with total **transparency.**

Support the local authority in putting its plans into action.

Maximise **return on investment** by improving the range and quality of services.

Increase the **use** of public transport and **boost revenue.**





In-depth practical knowledge of **alternative fuels.**

Employee relationship management skills.

Information systems appropriate for all passengers, from the most illiterate to e-travellers.

A wide-ranging vision of **accessibility** that addresses every type of vulnerability.

STAGE 3

OUR REFERENCES

Our core business:
Rail, tram, metro, bus and coach.

2.2
billion passengers per year

Bus and coach
22,800 vehicles.

Aix-en-Provence France
Arras France
Copenhagen Denmark
Creil France
Épinal France
Lens France
Metz France
Public/Private contract
Nîmes France
Stockholm Sweden
Tours France
Versailles France

Aube France
Belgium
Calvados France
United States
Transit and para-transit, airport, university and corporate shuttles
Île-de-France France
Ille-et-Vilaine France
Quebec Canada
Rhône France

Metro
70 km of driverless metro and 17 km of traditional metro. One of the world's leading automatic metro operators.

Lille France
Renewal and extension of line 1 by 2016

Lyon France
4 metro lines including a driverless one, 48% of total traffic

Rennes France
6 additional metros for line A and possibility of creating a second line

Roissy France
Extension of the LISA line in 2012

Train
4,900 km of railtrack, 1,000 trains. Major rail operator.

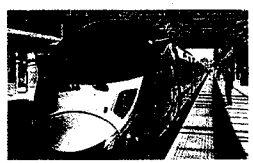
Germany
4 rail franchises

United States
VRE: 4.5 million passengers per year

France
Blanc Argent: 67 km of tracks

The Netherlands
Partner of NS in bus and rail operator Syntus

United Kingdom
With 72 million passengers for its first year of operations, the High Speed Service exceeds expectations



Tram
506 km of tram network, 860 tramsets. One of the world's leading tram operators.

Angers France
Bergen Norway
Bordeaux France
Brest France
Launch in June 2012
Caen France
Dijon France
Launch in September 2012

Le Mans France
Lille France
Lyon France
Melbourne Australia
Nottingham United Kingdom
2 new tramway lines in 2014
Orléans France
Redesign of the tram network with a second line starting service in June 2012
Porto Portugal

OUR REFERENCES

Our additional transport services:

bikes, car pooling, car sharing, parking and our specialised services: passengers with reduced mobility, ferries, airport and sea shuttles.

No.1
transport operator for passengers with reduced mobility.

Bike
10,000 bikes in 16 different cities in France.

Aix-les-Bains · Angers · Bordeaux 1,545 bikes for bike share and 139 docking stations · Brest

Dijon 800 bikes for long term and short term rental · Laval · Le Mans · Lille 2,000 bikes for bike share and 8,000 for long term rental by 2014 · Lorient · Montélimar · Orléans · Pau 200 IDEcycle bikes for bike share in 20 docking stations · Quimper · Rennes · Tours · Versailles

Service integrated into the Tadao network

"Lilas" service to be rolled out in 15 new municipalities in the metropolitan area of Lille by 2015

A new intermodal area will open in May 2012 for buses/bikes/car sharing

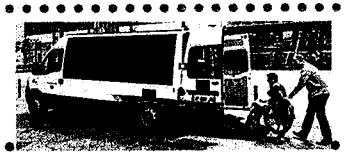
Parking
82,000 parking spaces managed by EFFIA.

Aix-en-Provence · Avignon · Bordeaux · Chantilly-Gouvieux · CHR Metz-Thionville · Dijon · Grenoble · Herblay · Les Arcs · Lille Management of 3 car parks in the city centre

Lyon · Marseille · Nantes · Paris · Perpignan · Poitiers · Reims · Rennes · Rouen · Saint-Étienne · Sainte-Maxime · Toulouse · Valenciennes · Villiers-sur-Marne

PRM stand-alone services
1 million passengers transported per year.

Angers · Caen · United States · Hauts-de-Seine



Lille 150,000 trips in 2011 and second largest service in France after Paris · **Lyon** · **Nice** · **Orly** (airport) · **Paris** Nearly 300,000 trips in 2011 and 15,500 pass holders · **Rennes** · **Västra Götaland** (Sweden)

PRM services within the urban transport provision contract

Abbeville · Agen · Alençon · Bordeaux · Boulogne-sur-Mer · Brest · Châteauroux · Cherbourg · Concarneau · Dijon · Dreux · Laval · Le Mans

Lens · Lorient · Montargis · Montbéliard · Montlucon · Morlaix · Nîmes · Pontarlier · Quimper · Saint-Malo · Tarbes · Vesoul

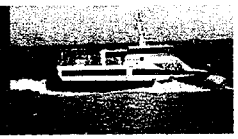
Airport shuttles
10 shuttle services.

Bordeaux · **Fort Lauderdale** United States · **Grenoble** · **Liège** Belgium · **Marseille** · **Montpellier** · **Nice** · **Paris** CDG and Orly · **Perpignan** · **Toulon-Hyères**

Airport management
4 provincial airports in France.

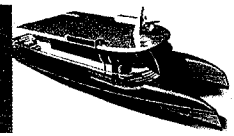
Albert · **Angers** Operational management of the airport for 8 years (following January 2010 renewal) · **Dole** Launch of 4 new flight connections to Portugal, Spain, England and Corsica · **Troyes**

Sea shuttles
Keolis' two ferry services carry over a million passengers per year.



Brest Penn ar Bed carries out four daily return services during the summer between the mainland and the Ponant islands · **Lorient**

Inland waterway shuttles
A new service in Bordeaux.



Bordeaux 2 shuttles will start service at the end of 2012 and will complete the existing tram, bus and bike offer

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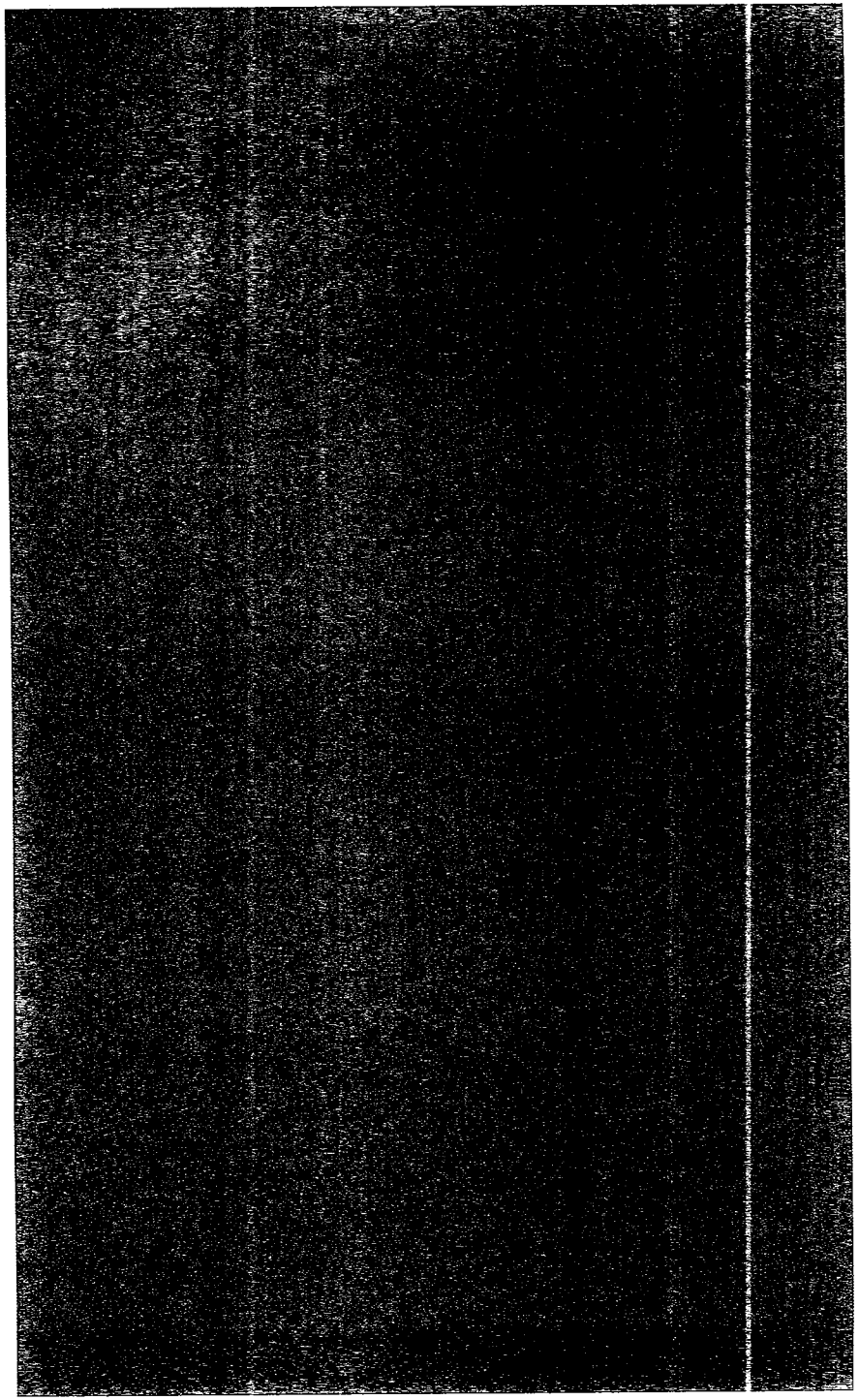
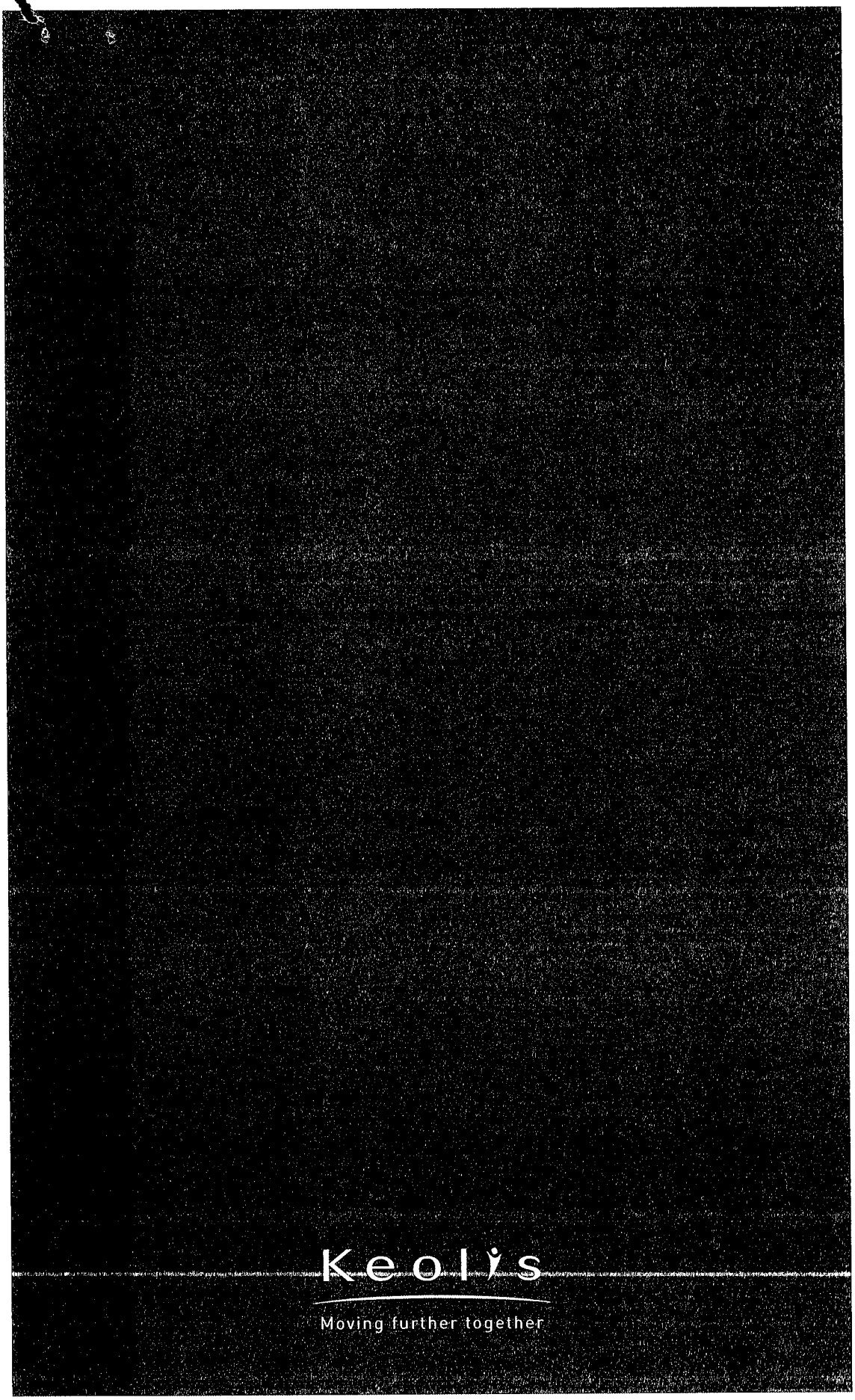
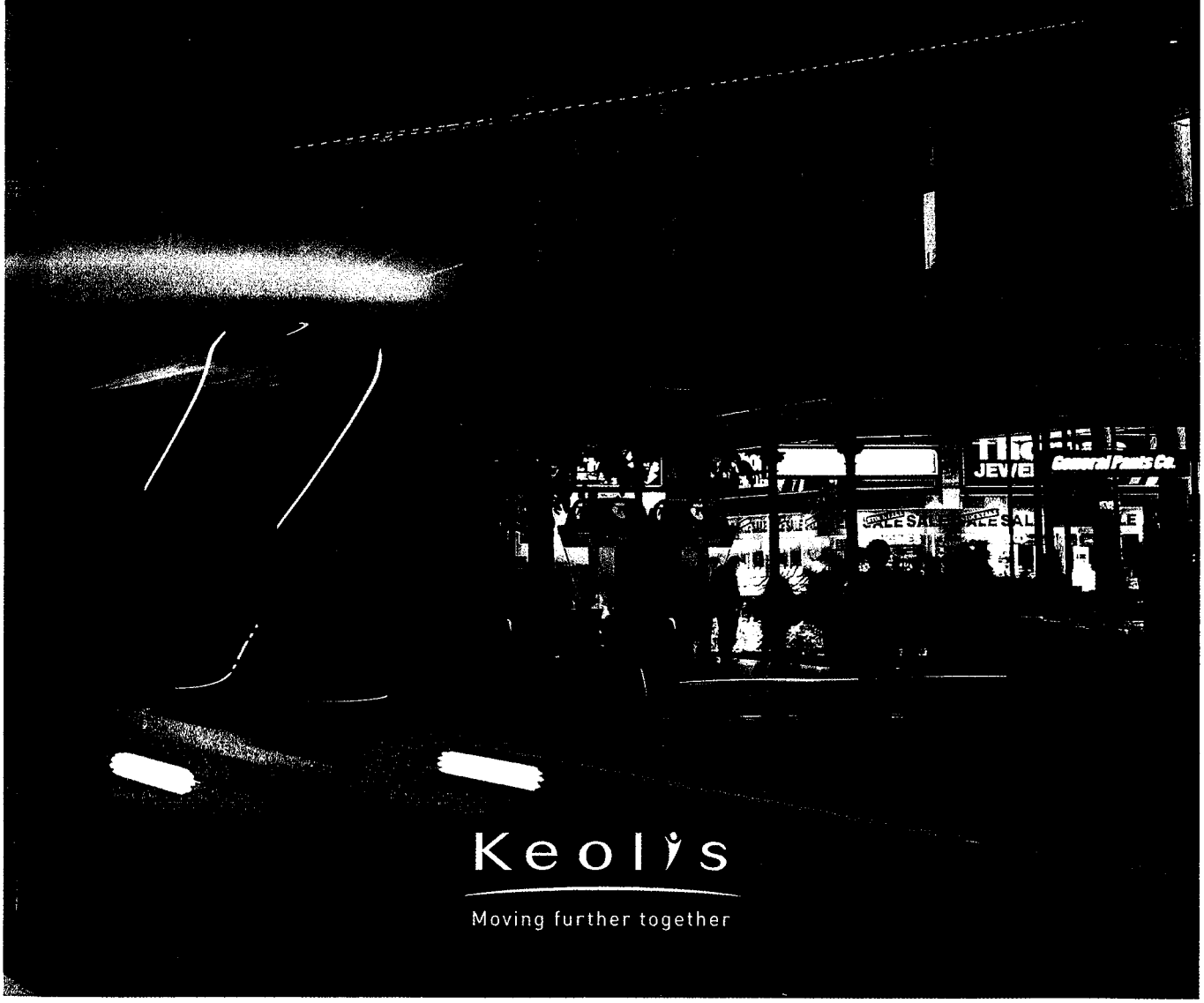



Keolis
Moving further together

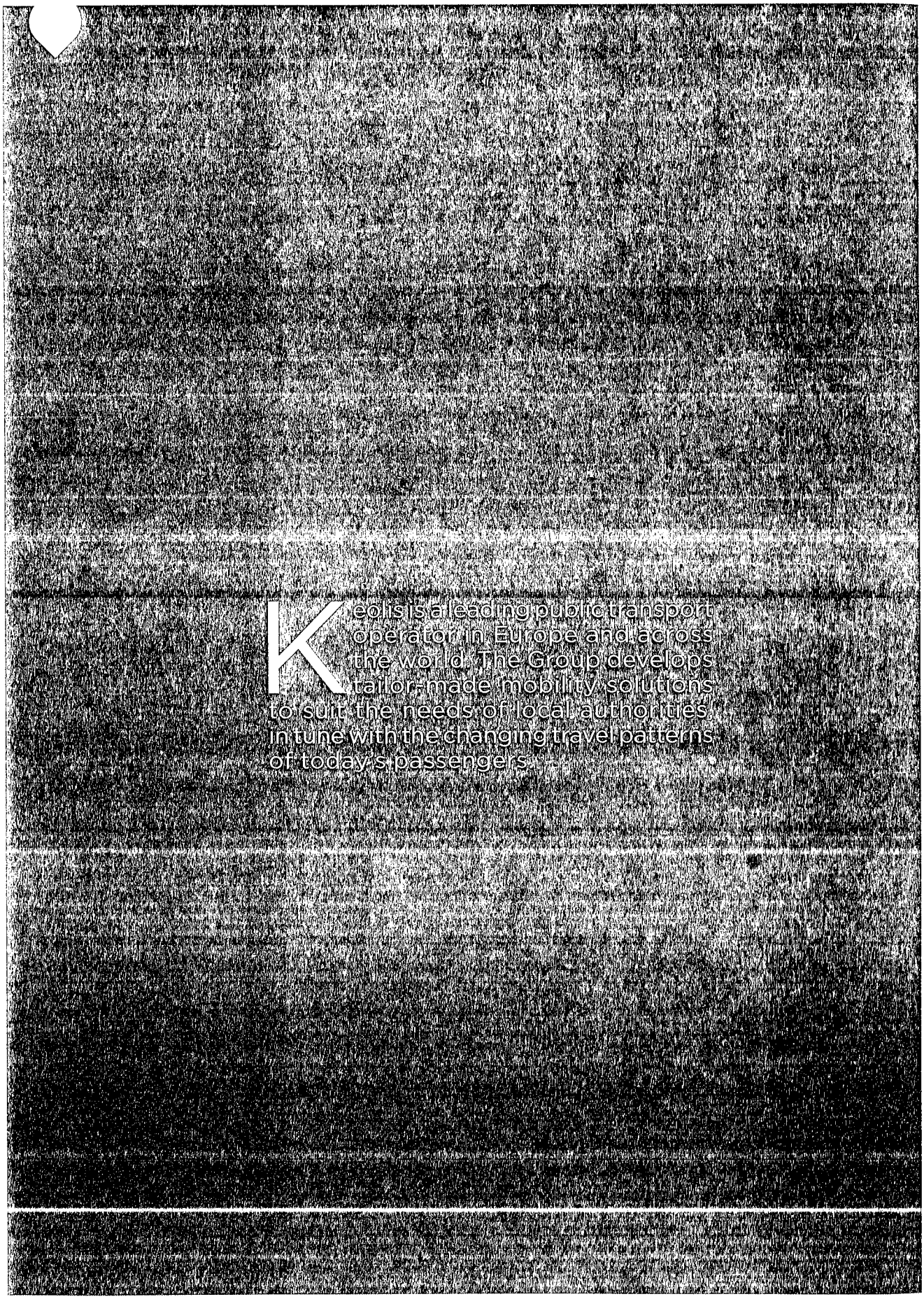
Keolis Groups

WORLDWIDE 2011



Keolis

Moving further together



Keolis is a leading public transport operator in Europe and across the world. The Group develops tailor-made mobility solutions to suit the needs of local authorities in tune with the changing travel patterns of today's passengers.

3 core challenges for the future

CHALLENGE 01

1.

Meeting the mobility needs of the future

The demand for public transport has grown a lot in Europe over the past 10 years, and that trend is not expected to change. In emerging countries, urbanisation is creating an unprecedented need for transport infrastructure. By accompanying local authorities in the conception, redesign and operation of their public transport networks, Keolis is playing a key role in building the transport offers of the future. The Group has opened offices in China and India, areas where it will be able to bring its knowledge, especially in densely populated cities where transport infrastructure projects are developing.

Increasing mobility needs around the world between now and 2030

2030

Proportion of the total population that lives in cities

Investment required in rail infrastructure between 2015 and 2030, in billion dollars

2010

Gross domestic product, in billion dollars

North America
405 million inhabitants
87%

Europe
707 million inhabitants
80%

Asia
4,931 million inhabitants
55%

United States
$230 bn
$14.7 bn

Canada
$28 bn
$1.3 bn

France
$51 bn
$2.1 bn

Russia
$152 bn
$2.2 bn

India
$962 bn
$4.1 bn

China
$967 bn
$10.1 bn

Japan
$251 bn
$4.3 bn

Latin America and the Caribbean
713 million inhabitants
85%

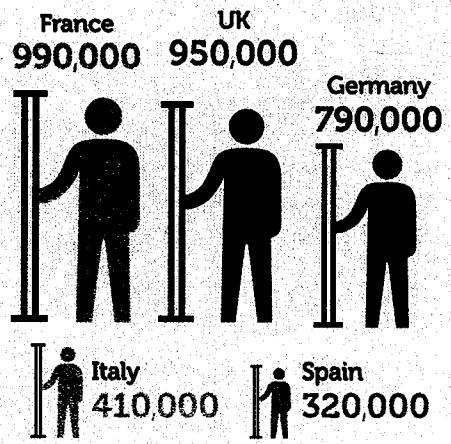
Africa
1,520 million inhabitants
54%

Oceania
43 million inhabitants

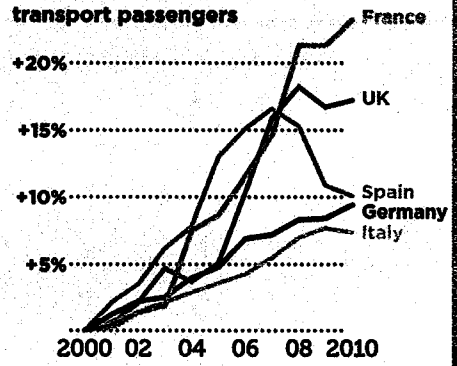
Sources: Insee, UITP, Ined, AIEA, Index Mundi

More and more passengers

Passenger increase in Europe between 2000 and 2010



Growth of urban public transport passengers



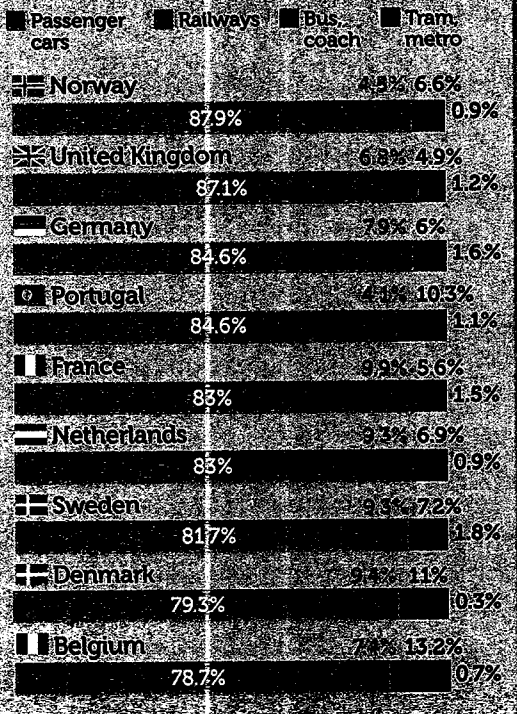
2.

Marrying transport with emission reduction

Public transport consumes three to four times less energy per passenger than private cars. Developing transport solutions is a key factor in reducing travel-related greenhouse gas emissions. Public transport offers need to adapt in order to replace journeys made by private car. This is why Keolis focuses on offering efficient multimodal solutions through collective transport solutions, alternative modes and parking. The Group is aware that it can contribute to the fight against global warming and is willing to go further. It does this, for example, by training its employees in eco-driving techniques, by contributing to the development of alternative fuels and using them in its vehicles, and by experimenting with new means of transportation.

How do Europeans travel?

Modal split of passenger transport by country in 2009



Limited CO_2 impact from public transport

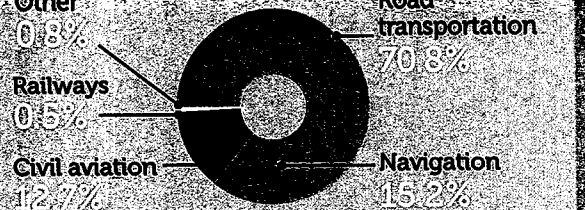
Range of emissions by vehicle type

17 to 48g per passenger.km

76 to 262g per passenger.km

Overview of carbon emissions

GHG Emissions from transport in EU-27 in 2008



To transport 50,000 people per hour and per direction:

By underground, a track 9 metres wide is required

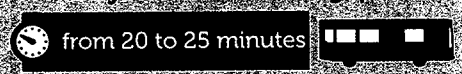
By bus, a road 35 metres wide is required

By car, a road 175 metres wide is required

The city centre is accessible more quickly by public transport

The time taken to access areas with 500,000 workers varies according to cities' infrastructure

Cities equipped with public transport, bicycles: Munich, Singapore



Cities dependent on cars: Houston, Melbourne

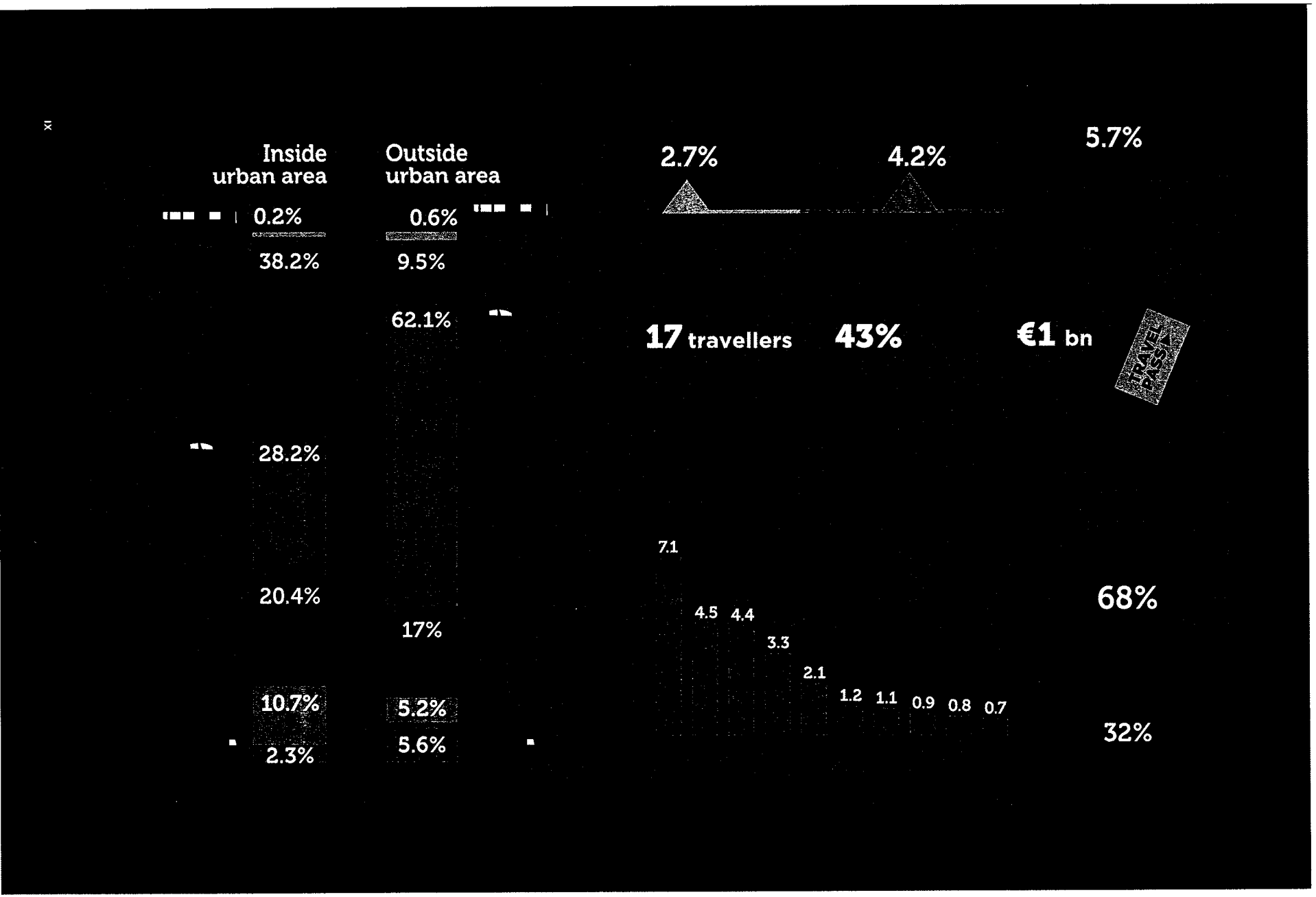
Sources: UITP, EEA, European Commission

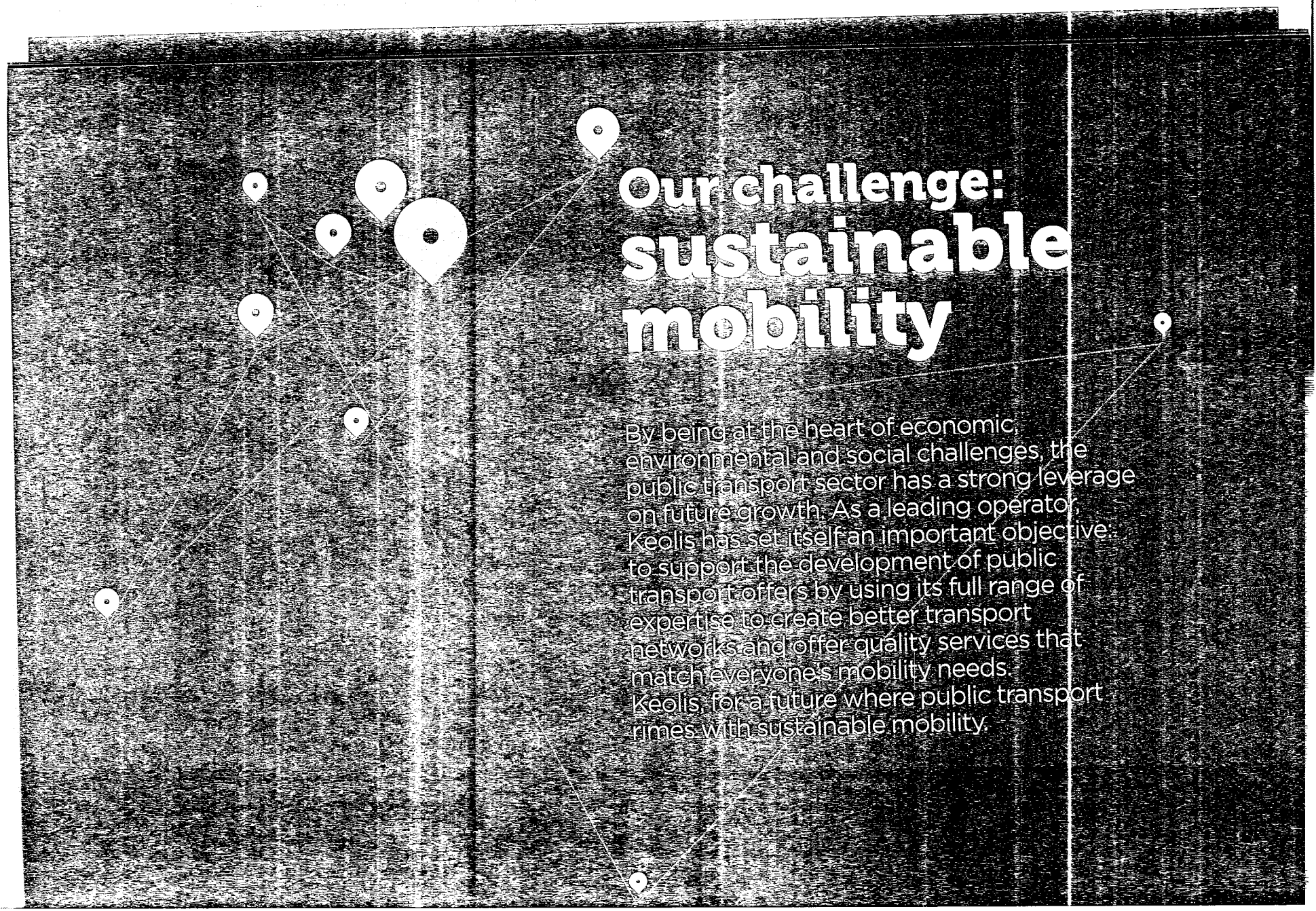
3.

Making safety the number-one priority

While travelling on public transport, people can feel unsafe for many reasons. Maintaining their confidence is an essential part of the sector's attractiveness. Fare-dodging, assault and incivility, as well as accidents are all important issues to be resolved. Safety is the core of Keolis' business. The Group develops its safety policy based on prevention, mediation and dissuasion. Its conductors and mediators try to convert fare-dodgers into paying customers. In terms of accident prevention, the Group analyses the reasons behind any incidents, trains its drivers, and educates the public about the importance of road safety.

A Safety Group has been created with internal experts from all international subsidiaries. It helps anticipate potential issues, coordinate efforts and share best practices. Finally, Keolis has also initiated a system that helps its staff to manage stressful situations they might encounter in their daily work.


Inside urban area
Outside urban area
0.2%
0.6%
38.2%
9.5%
62.1%
28.2%
20.4%
17%
10.7%
5.2%
2.3%
5.6%
2.7%
4.2%
5.7%
17 travellers
43%
€1 bn
TRAVEL PASS
7.1
4.5
4.4
3.3
2.1
1.2
1.1
0.9
0.8
0.7
68%
32%



Our challenge: sustainable mobility

By being at the heart of economic, environmental and social challenges, the public transport sector has a strong leverage on future growth. As a leading operator, Keolis has set itself an important objective: to support the development of public transport offers by using its full range of expertise to create better transport networks and offer quality services that match everyone's mobility needs.
Keolis, for a future where public transport rimes with sustainable mobility.

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Michel Bleitrach,
Executive Chairman
of the Keolis Group,
and members of the
Executive Board

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Bernard Tabary,
CEO International

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Close up on 2011
Highlights and successes
of the year

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Indicators

BEING **KEOLIS**

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BEING
customer friendly
Mobility solutions that suit
the passengers' and local
authorities' needs

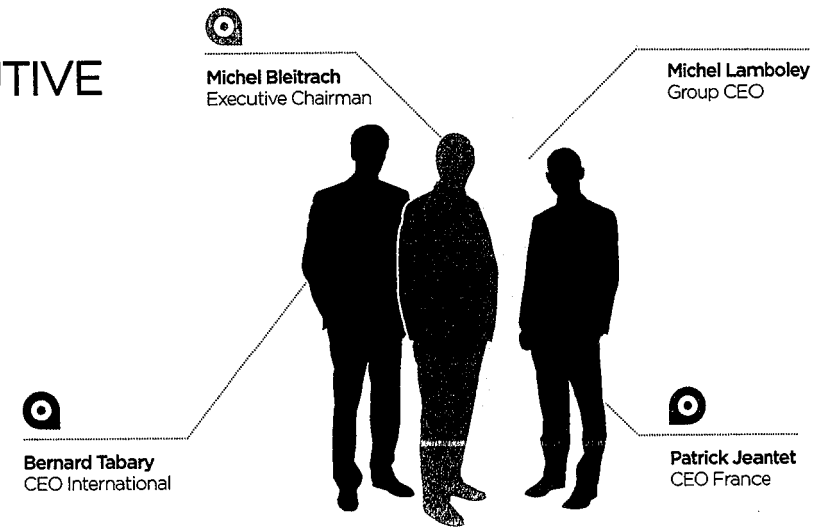
36
BEING
responsible
Preserving the environment
and ensuring balanced
regional development

You will find Keolis full Annual Report on
www.keolis.com.

MANAGEMENT

Governance

THE EXECUTIVE BOARD



MEMBERS OF THE EXECUTIVE COMMITTEE

1. **André Magnon-Pujo** Vice President, Ile-de-France
2. **Hervé Lefèvre** Vice President, Major Urban branch
3. **Nicolas Vandevyver** Chief Financial Officer International
4. **Geneviève Langlois** Chief Financial Officer France
5. **Arnaud Van Troeyen** Executive Vice President, Strategy and Development
6. **Xavier Hubert** Senior Vice President, Operations and Innovation
7. **Serge Petetin** General Councel
8. **Jacky Pacreau** Vice President, Territories branch
9. **Éric Asselin** Human Resources Director
10. **Frédéric Baverez** CEO of EFFIA.

THE MEMBERS OF THE SUPERVISORY BOARD

Michel Derbesse, Chairman
Jean-Pierre Farandou
Joël Lebreton
Dominique Thillaud
David Azéma
Laurent Trévisani
Dominique Gaillard
Macky Tall
Jean-Yves Leblanc

KEOLIS IS RECOGNISED FOR ITS CAPACITY TO PARTNER WITH LOCAL AUTHORITIES TO DEVELOP OR REDESIGN THEIR TRANSPORT OFFER

INTERVIEW WITH
MICHEL BLEITRACH,
EXECUTIVE CHAIRMAN
OF KEOLIS

How did the economic climate affect the public transport sector in 2011, both in France and internationally?

M.B. Public transport has not escaped the crisis, despite environmental commitments. In France, modal switching in 2010 and 2011 worked in favour of the car, because of the government's "cash for clunkers" programme, and the share of public transport in total travel actually shrunk for the first time.
Internationally, the situation is extremely varied. Australia, Canada, Northern Europe and the UK saw growth rates much stronger than in France. For example in the UK, we saw passenger train journeys increase by 6%. Because of the financial crisis, however, it has been difficult to close financing for new projects, notably PPPs.
Nevertheless, public transport remains such a strong vector of social cohesion and mobility that its future seems assured. The number of new projects mushrooming in Asia, notably, proves that the sector remains dynamic.

> "Public transport remains such a strong vector of social cohesion and mobility that its future seems assured."

What were your main achievements in 2011?

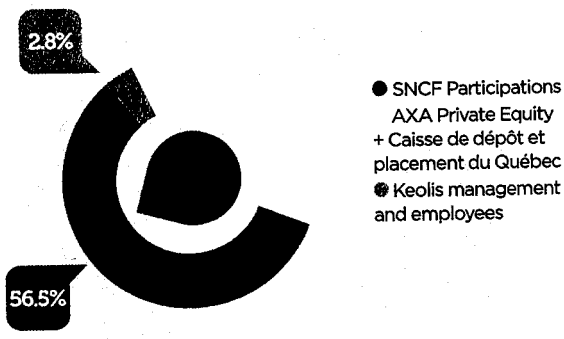
M.B. In Australia, after beginning operations in Melbourne in December 2009, we made a major step towards growing our business with the addition of the PPP for the Gold Coast tram line. In the UK, we will become an operator in our own right via the PPP for the Nottingham tram network. In the US, we made an important step in November by acquiring Tectrans, a major transit operator in California and Florida, which will be an important platform for future growth. 2011 was also a remarkable year for us in France in terms of offensive wins. We convinced the PTAs through our relentless proximity to them, and we won new urban contracts in Aix-en-Provence and Orléans as well as a coach service in the Ille-et-Vilaine department.

€4.4 billion
revenue in 2011, up 8% on 2010.

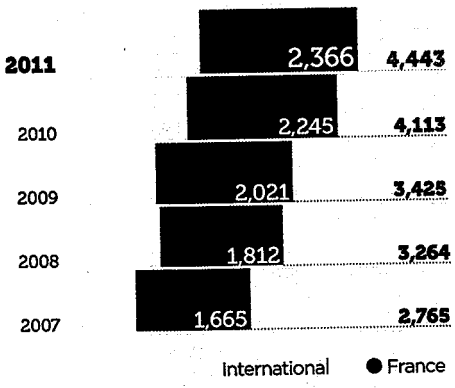
KEY FIGURES

12.6%
annually
That is the average annual growth in revenue since 2007

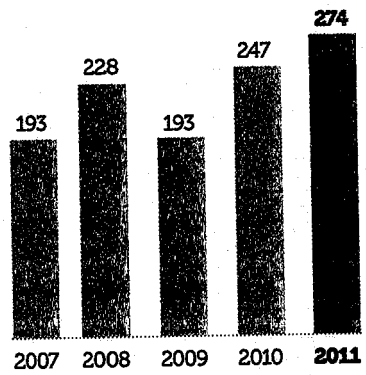
Shareholder breakdown as of 1 January 2012



Evolution of the revenue
(€ million)

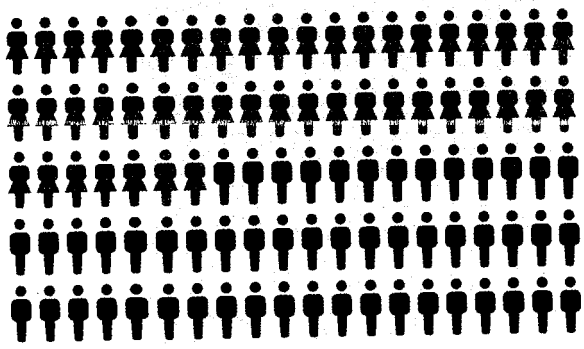


Evolution of the profitability (recurring Ebitda)
(€ million)



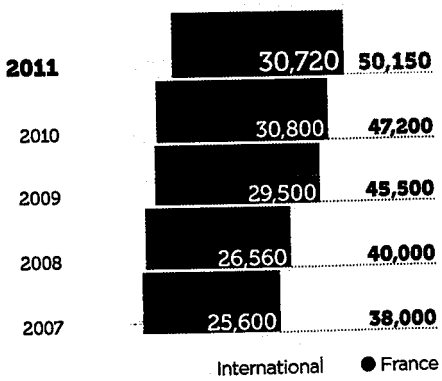
Workforce in 2011

47%
women
recruited by Keolis S.A. in 2011. They represent 32% of the managers compared to 24% in 2004



Change in employee numbers since 2007

In 2011, Keolis recruited 3,000 employees in France, internationally



What is the company's competitive advantage?

M.B. Keolis is recognised for its capacity to partner with local authorities to develop or redesign their transport offer. We understand our customers – both PTAs and passengers – and are able to develop an offer that answers their needs.

We have an extensive expertise across all modes of transport, which ranges from parking to heavy rail (trains, trams, metros) as well as buses, cars, bikes and shuttles. Keolis is the only transport operator with such a wide range of knowledge and experience.

Our strategy to recruit and build teams that are highly skilled and fervent believers in public services has beared its fruit. In 2011, we restructured our senior management to ensure a successful future for the Group under three managing directors, including one for our domestic business, one for our international activities and one for our Group operations. This organisation is optimal for facing the challenges of the future.

Our strong focus on security has been another key contributor to our success. This is part of our DNA and the core of our business. Our duty, as an operator, is to provide a highly safe environment, not only for our passengers, but also for our staff and we do everything we can to guarantee this.

Finally, by implementing stringent cost controls and a realistic approach to business development, we have ensured that we are in a strong position to continue to grow. This means we will only commit ourselves in a new bid if we know that we can provide the right level of service. This is why we have been able to develop our business in 11 countries while maintaining an excellent financial situation. ●●●

€4.8

billion

is the revenue Keolis aims to generate in 2012.

MICHEL LAMBOLEY

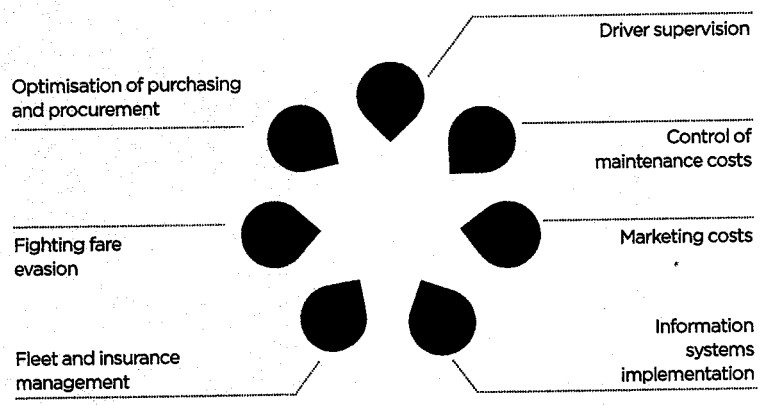
"We registered a turnover growth of 8 percent in 2011, without any major changes in our structure, in line with our expectations. France represents 50 percent, international 47 percent and EFFIA 3 percent. We are well on our way to our target to achieve half of our turnover in international markets. We also saw EBITDA of 274 million euros. Our margins were in line with expectations, largely thanks to our international operations, notably in the UK and Australia, which exceeded their provisional budgets. The contracts we won in 2011, which took effect on 1st January 2012, will have a significant positive effect on our 2012 results. For 2012, we are projecting turnover of 4.87 billion euros, which would represent a 10 percent year-on-year increase. Some 70 percent of this should be organic growth. In 2011, we renegotiated our debt, which puts us in a strong position for future expansion.

Nevertheless, we are being cautious about costs for the future, as we do not want to put our future growth at risk. We put in place an internal Progression Plan programme a year ago, and I am pleased to say that by planning in advance and being increasingly demanding and efficient at all levels of our business – both at head office and on the ground in our subsidiaries, which is where the majority of our business is done – we are able to build a stronger presence for the future and limit the impact of the financial crisis on our operations.

For 2012, we expect to reach our targets both in terms of turnover and margins. Keolis is in good financial health and has a strong structure, which allows us to confirm our expectations for the future. Thanks to our Progression Plan, we hope to go back to the margin levels we saw in the 2006-2008 period in the long term. We are not a listed company, but we operate as if we were, with the same thoroughness. We are fortunate, because unlike companies in other sectors, some 90 percent of our business is secured from one year to the next. For the long term, we are lucky to be a strong player with a varied portfolio in an extremely buoyant market."

KEY FIGURES

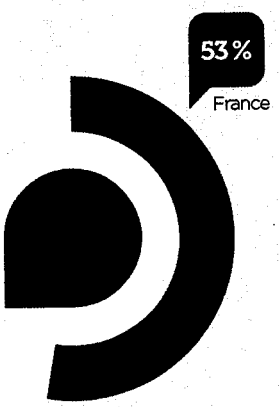
The seven key focuses of the progress plan



80%

development model:
80% through organic growth and 20% through acquisitions

2011 Revenue breakdown



International

47%

International of which:

19%	United Kingdom
12%	Scandinavia
6%	Australia
5%	Benelux
3%	Germany
2%	North America

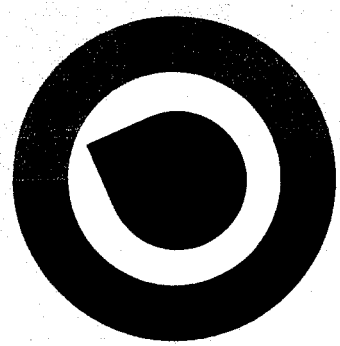
1.48

was the leverage ratio at the end of 2011

0.8%

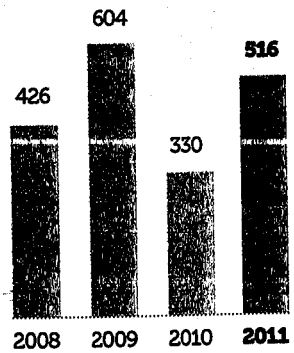
Net income:
0.80% of revenue

Revenue breakdown by business
(€ million)



23 %	Rail
52 %	Urban
19 %	Interurban
2 %	Car parks
4 %	Other activities

Change in investment over four years
(€ million)



The French public transport sector is at the dawn of a period of change, with long-distance coach travel about to be authorised and the opening up of the rail sector to competition. What is the Group's position on this?

M.B. We are looking closely at the opening up of long-distance coach lines in France, and we have experience in this domain – Keolis owned 50% of Eurolines until 2005 – as well as the necessary staff. We will look particularly closely at areas where no rail alternative exists, for example between urban hubs that currently do not have public transport links without going through Paris. As for the passenger rail market, if it does open up to competition, Keolis will be ready to bid thanks to its experience in the rail sector in countries like the UK, Germany and the US.

What are your expectations for 2012?

M.B. We are in a strong position thanks to our majority industrial shareholder SNCF – which share our vision and ambition – and the support of our other shareholders AXA private equity and CDPQ. We will bid for the West Coast Main Line in the UK in 2012 with SNCF and will also bid for several concessions internationally.

In the long run, we are hoping to expand in China and in India, where we already have development teams working. Our driving force as an operator in 2012 will be to work even harder than ever on our relationships with both local authorities and passengers.

Our objective is to generate half of our revenue internationally within the next two to three years. ●

€2.2

billion

is the revenue Keolis aims to generate internationally in 2012.

66

PATRICK JEANTET

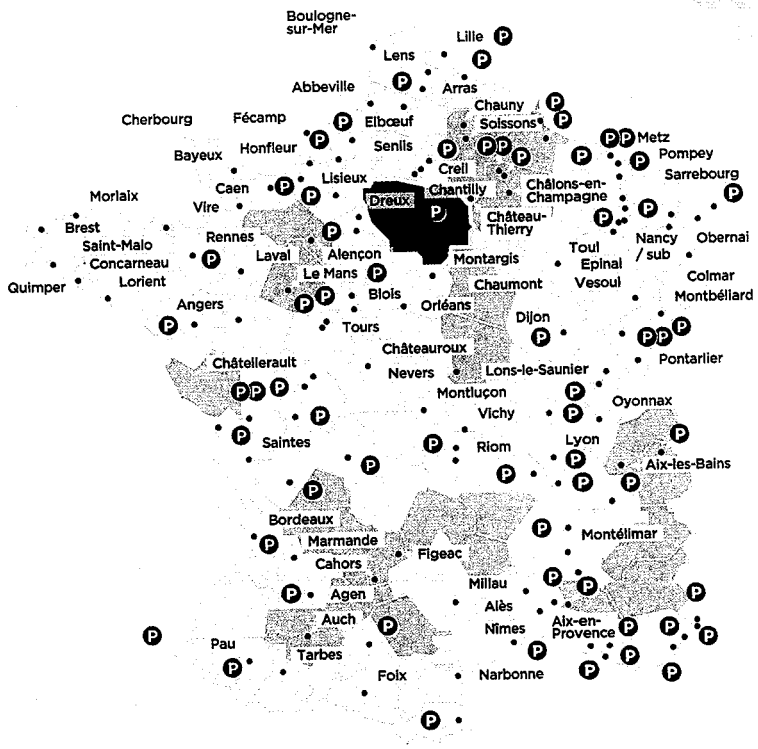
"Commercially, 2011 was Keolis' best year ever in France in terms of our number of offensive wins, adding 135 million euros worth annually of new contracts to our portfolio, including the cities of Orléans, Aix-en-Provence, Metz, Epinal as well as on-demand services in Rouen and 16 million euros worth of inter-city coach services, which will give us incremental growth of around 5 percent.
We also successfully renewed most of our existing contracts, including urban networks in Tarbes, Marmande, Creil and major regional services in the Seine Maritime department in Normandy, the Noctilien Transilien night buses in the Paris region, the Ille-et-Vilaine coach network and the Livéo regional express line in Franche-Comté.
EFFIA performed extremely well, registering 10 percent turnover growth, opening new car parks in Nantes, Lille and Lyon. EFFIA also won the right to operate regional call centres for transport advice in several new regions, and began operating bicycle-hire schemes in Lille, Angers and Laval. The integration of EFFIA into Keolis means a complementary and improved offer for both companies, that reinforces our position in a world turned towards increasingly multimodal transportation.

In addition to new contracts, there are several achievements we are particularly proud of in 2011.
The redesign of the Lyon bus network, which had not changed since 1977, went extremely well. Network reorganisation is an emerging trend, and we also started redesigning the bus networks in Lille and in Angers. Traffic has slowly started picking up again in 2011, but the crisis in public financing and reductions in tax credits for employers had negative impacts on our business, and will continue to do so in 2012. One way of dealing with this is to optimise our bus networks and offer innovative solutions, like our Flexo semi-regular line, which enables us to reduce costs without removing services from the network.

The public transport context in France is on the verge of a period of change, with the rail market likely to open up to competition and perhaps long-distance coach travel in the near future. Keolis France, with its multi-modal expertise and rail experience in other markets, is well-positioned to take advantage of these opportunities."

KEOLIS IN FRANCE

The Group is the market leader in urban transport, a major car park operator, the second biggest player in cycle hire and the leading carrier of people with reduced mobility.



- **Town**

Urban networks

Regional bus and coach operations

- Car parks with more than 300 spaces

In Ile-de-France Keolis manages 11 suburban transport zones and EFFIA operates 26 car parks with more than 300 spaces.

88
urban networks, 32% of Group revenue.

74
French departments covered by interurban networks, 17% of Group revenue.

130
towns and cities have EFFIA car parks.

ONE OF OUR MAIN OBJECTIVES WAS TO IDENTIFY THE RIGHT OPPORTUNITY TO EXPAND BY ACQUISITION AND WE HAVE ACHIEVED THIS

INTERVIEW WITH **BERNARD TABARY,** CEO INTERNATIONAL

What were your key successes in 2011?

B.T. One of our main objectives was to identify the right opportunity to expand by acquisition, and we have achieved this: in November, we closed the purchase of Tectrans (now called Keolis Transit America), a transit operator based in Los Angeles with 1,400 staff and 80 million euros in turnover. The acquisition will combine our core expertise in the bus and coach sector with Tectrans' local market knowledge. We have also proved our capacity to develop Public Private Partnerships (PPPs), winning two new deals: one for the Gold Coast tramway in Australia, for which we will build and operate a tram line in south Queensland as part of the GoldlinQ consortium, in a 15-year contract, and one in Nottingham, UK, where we took over the existing tram line in December 2011 for a 22.5-year period and will begin building two other lines as part of the Tramlink consortium. Another important goal was to increase the level of our involvement in the management of our existing operations. In Canada, we became sole shareholder of Orléans Express in January 2012. In the U.K., we have pre-qualified, with our partner SNCF, to bid for the West Coast Main Line service. This is a major achievement for us, as it would take Keolis into a management role in long-distance rail operations for the first time in this country. Finally, we have also managed to export our know-how by building a close relationship with local authorities and signed, in Sweden, our first contract which included the responsibility for patronage.

How did your existing international business perform in 2011?

B.T. International business accounted for a turnover of 2.077 billion euros overall, an increase of 11% year-on-year. The compound annual growth rate of our international business since 2007 has been 14%. We were successful running several new contracts. Our rail operations in the U.S. are performing well, with a 10% passenger increase for our first year. The same is true in Norway, with a 99% client satisfaction rate for the quality of service of the Bergen tramway. Our activities in the U.K. and Australia performed well both in terms of traffic and customer satisfaction.

How has the challenging economic environment affected international operations?

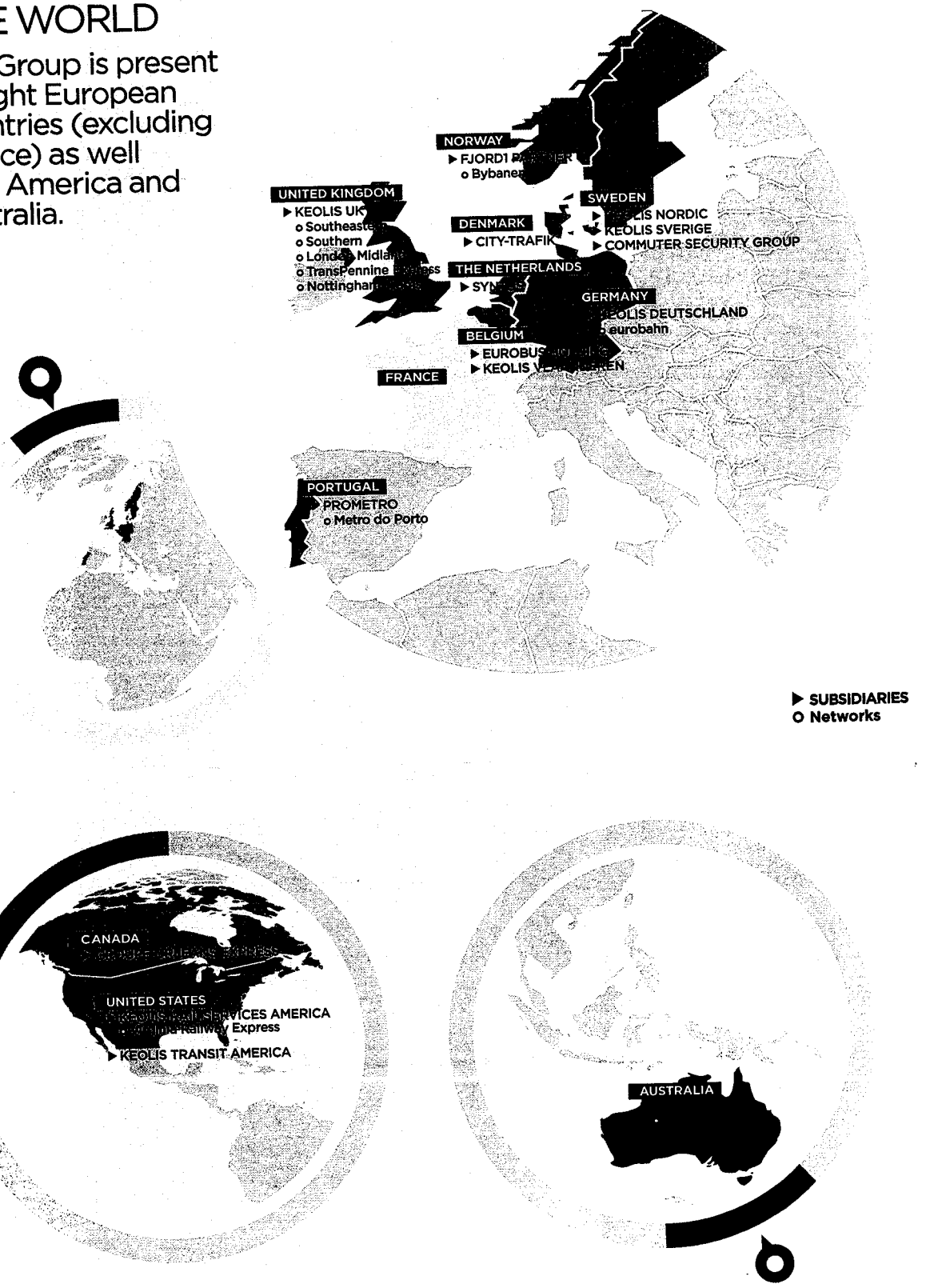
B.T. It has taken longer than we initially expected to put several of our contracts into place, including our PPP in Nottingham and the acquisition of Tectrans. Our performance in Germany is still not economically satisfying, and we need to work on improving that, but we are already looking at new business opportunities, especially in the regions where we already operate.

What are your growth perspectives for 2012?

B.T. In the markets where we are already present, it will be about continuing to steadily build our business. There is potential for further development in Australia, in addition to the introduction of the Gold Coast tram line. We also intend to expand in Europe and we are looking at new countries, notably in Asia. The Indian authorities are planning to open at least 15 different metros in the next 10 years. In 2012, we will bid for heavy rail contracts, an area in which we have experience in other markets. We have already opened an office in Chennai. We are also continuing to look closely at the Chinese market, where new partnerships may be a possibility.

KEOLIS AROUND THE WORLD

The Group is present in eight European countries (excluding France) as well as in America and Australia.

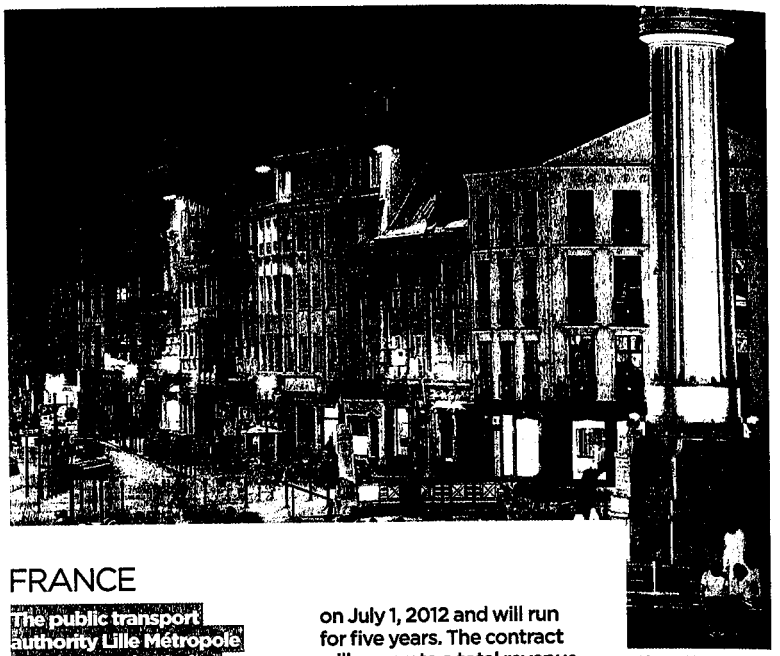


CLOSE UP ON 2011

Despite the challenging economic context, 2011 will be remembered as a successful year for Keolis. The Group won several important offensive contracts, reinforcing its position as the only operator offering transport solutions across all modes of transport and as a world leader in light rail operations.

January

February



FRANCE

The public transport authority Lille Métropole Communauté Urbaine, which renewed its trust in Keolis in 2010 to operate its urban transport network, granted EFFIA Stationnement the contract to operate three car parks in the city centre. The first contract has a duration of six years and started on the 1st June, the two others will start on July 1, 2012 and will run for five years. The contract will generate a total revenue of around 20 million euros. EFFIA will also carry out renovation and redesign of two of these car parks and will launch its Resaplace service, which allows users to reserve their parking space over the internet.

99%

of satisfied passengers on the Bergen tram line (Norway).

Close up on 2011

JANUARY

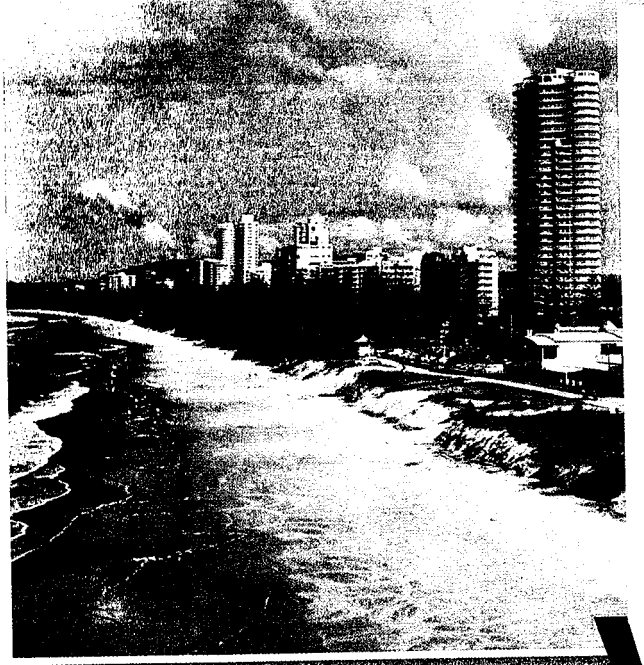
Keolis Sverige, the Group's Swedish subsidiary, purchases 433 buses running on alternative fuels, which represents 60% of the total fleet.

7.2 million

Southeastern registers 7.2 million passengers on its High Speed service linking London to the South East of England, exceeding expectations for its first year of operations.

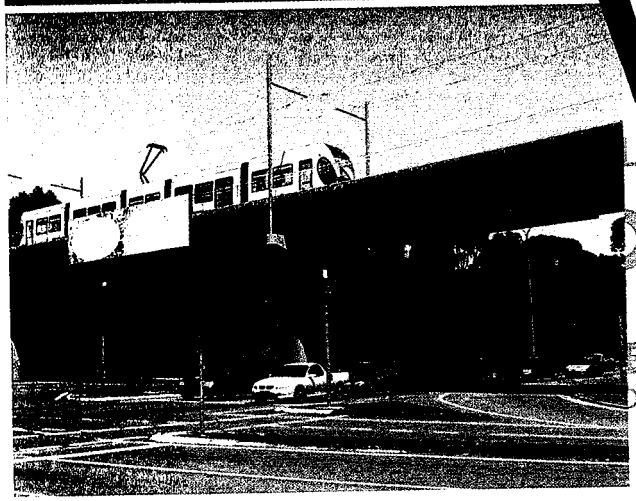
FEBRUARY

Orléans Express, Keolis' Canadian subsidiary, offers a free high-speed Wi-Fi service on the majority of its regular lines between Montreal and Quebec.



AUSTRALIA

The GoldLinQ consortium, that includes Keolis, signed a public private partnership for the future Gold Coast tram network in Queensland, Australia. This 18-year contract, worth approximately 1 billion Australian dollars (730 million euros), includes the planning, construction, financing, operation and maintenance of the future network. Keolis will be in charge of operations and maintenance via its KDR Gold Coast joint venture (JV) with Downer EDI. Since December 2009, Keolis and Downer EDI have been operating and managing the world's largest tram network in Melbourne, Yarra Trams, through the JV KDR Victoria. The future line, which is 13 kilometres long, will link Gold Coast University Hospital to Broadbeach, South of Brisbane. With 16 stops and 14 trams, the line is expected to transport 50,000 passengers per day, and has a maximum capacity of 75,000. Construction works began in early 2012, and the line should start operating in 2014.



World

LIFORNIA

LONDON

ORTO

SAN FRANCISCO

ELBOURNE

CANADA

OS

GERMANY

MARCH

The Southeastern franchise in the UK, operated jointly by Go Ahead and Keolis, is extended for two years. In total, Keolis has four franchises in the UK.

MARCH

City-Trafik, the second largest bus operator in Denmark, obtains the 18001 certification for its implementation of health and safety measures.

APRIL

Keolis and SNCF are pre-selected to submit a tender for the Intercity West Coast franchise in the UK. The line is one of the most important intercity franchises in the country.

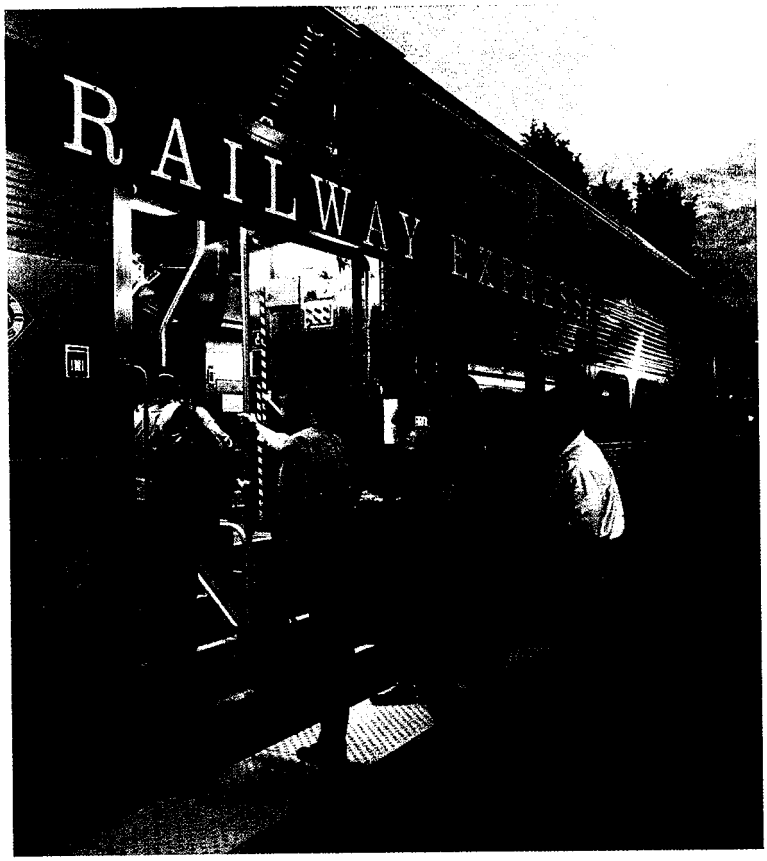
APRIL

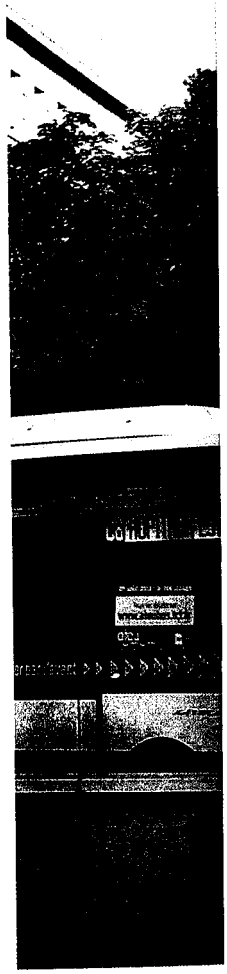
EFFIA wins the contract to operate a 674-place car park at Nantes railway station's south entrance, increasing its presence in all major transport hubs.

April July

UNITED STATES

Keolis celebrated in July its 1st anniversary as operator of the Virginia Railway Express network. During this first year of operations, passenger traffic has increased significantly thanks to the combined effect of improved punctuality (with a record rate of 98%), high quality of service, notably in terms of cleanliness, attention paid to passengers, and a high level of maintenance. To maintain and potentially increase ridership while nurturing excellent customer-service levels, Keolis has progressively put new trains into service. This five-year contract, which could potentially be extended to 2025, is the Group's first in the United States. Until July 2010, it was run by national operator Amtrak. Covering 145 kilometres of track, the VRE network transports 20,000 passengers each day and links Union Station in central Washington, D.C. with Fredericksburg in the South and Manassas in the West.





1 million

bicycles have been used through the Star cycle hire system in Rennes, between September 2009 and June 2011.

Close up on 2011

MAY

The city of Wuhan, in China, requests Keolis' help in setting up intermodal transport solutions. The city hopes to develop an integrated system including buses, a metro, ferries and bicycle hire.

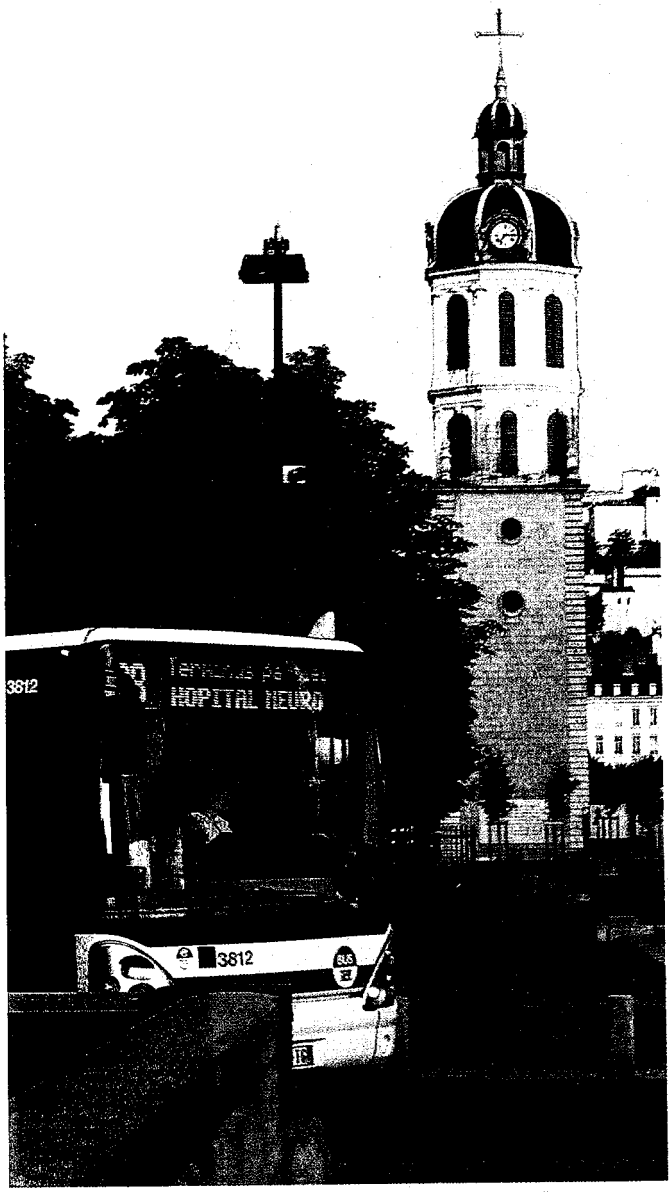
JUNE

Keolis Angers launches the city's new tramway and redesigns the public transport network around this new service.

€44 million

For a new contract won by Syntus to operate buses and trains in Twente, The Netherlands.

August



FRANCE

On 29 August, Keolis launched a new urban bus network in Lyon. It is designed into major, complementary and specific lines. It offers simplified itineraries, fixed timetables and the same traffic frequency for the 26 main lines, as well as direct suburb-to-suburb links and improved connectivity with metros, trams and trains. The new organisation should allow passengers to reduce their journey time and grow patronage by 8% before the end of 2012. This reorganisation, unique in Europe due to its amplitude, meant a vast communication campaign was necessary, as well as the recruitment of 250 drivers and the dedication of many of Keolis Lyon's employees, who came to help put new signalling in place at 4,000 bus stops in one go.

JULY

Keolis is granted the contract, starting in 2013, to extend its eurobahn operations in North Rhine-Westphalia in Germany increasing the number of lines it operates in the region to four.

AUGUST

Keolis Group buys three school bus operators in the Wallonia and Flanders regions of Belgium. The Group is the leading private operator in Belgium.

AUGUST

Keolis Sverige begins operating two new bus contracts in the East and South of Stockholm and buys 180 new alternative-fuel vehicles.

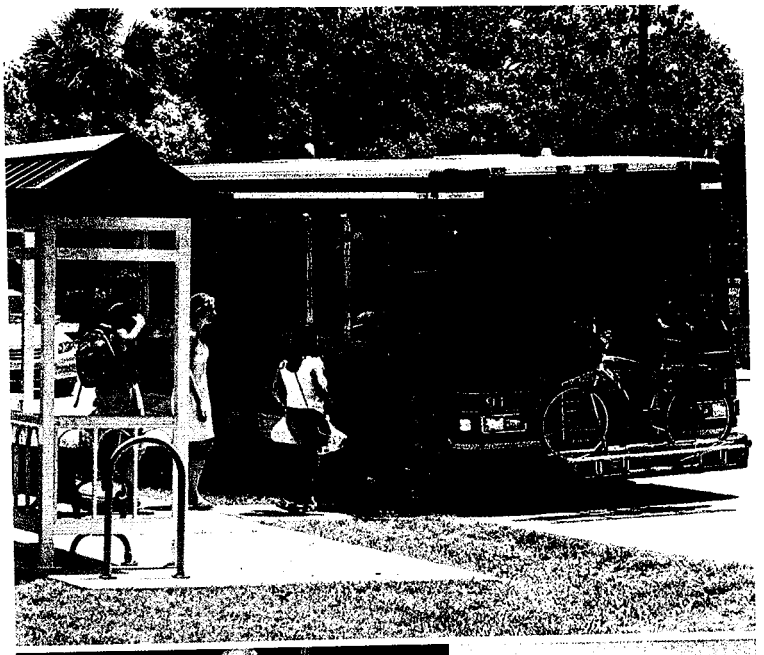
SEPTEMBER

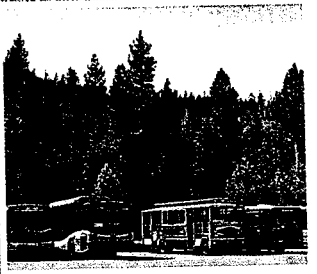
FirstKeolis, a joint venture between Keolis and the British operator FirstGroup, sees its TransPennine franchise in the UK extended for three years.

October

UNITED STATES

With Keolis America's acquisition of Tectrans Inc., the Group's American subsidiary reinforced its presence in the United States, where it already operates a regional rail franchise with Keolis Rail Services America. California-based Tectrans, now renamed Keolis Transit America, provides fixed-route and paratransit transportation, as well as airport, college and corporate shuttles. Keolis Transit America manages around 100 contracts in the U.S., employs 1,400 people and runs a fleet of 1,525 vehicles. Thanks to this acquisition, Keolis now registers annual revenues of around 200 million dollars (150 million euros) in North America.





180

million passengers per year in Melbourne.

Close up on 2011

SEPTEMBER

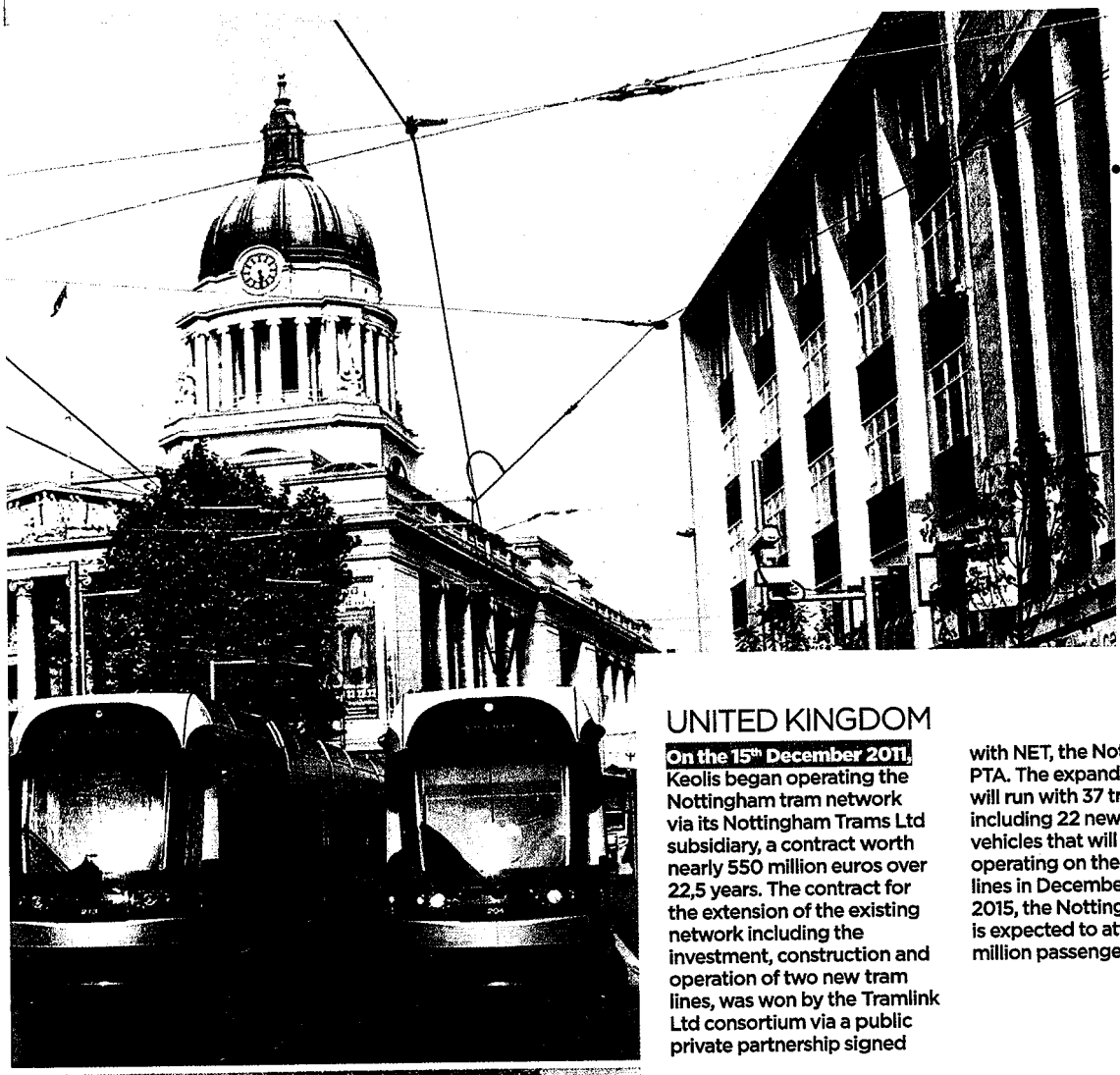
The V'lille bike hiring scheme in Lille is inaugurated. The system will offer 10,000 bikes by 2014 for short- and long-term hire and will be the largest outside of Paris.

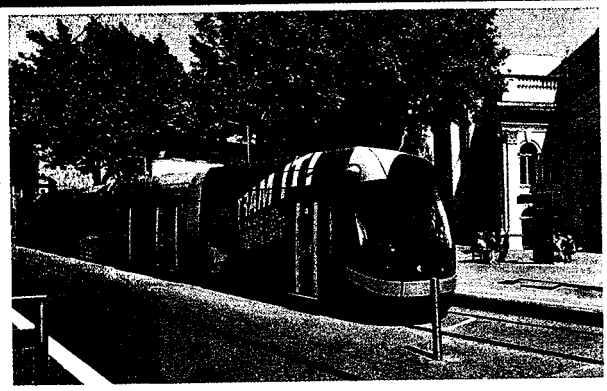
OCTOBER

Keolis is awarded the contract to operate the Aix-en-Provence transport network in the South of France starting from January 2012.

OCTOBER

Queen Elizabeth II goes to Melbourne and travels on Yarra Trams' network.





November

UNITED KINGDOM

On the 15th December 2011, Keolis began operating the Nottingham tram network via its Nottingham Trams Ltd subsidiary, a contract worth nearly 550 million euros over 22,5 years. The contract for the extension of the existing network including the investment, construction and operation of two new tram lines, was won by the Tramlink Ltd consortium via a public private partnership signed with NET, the Nottingham PTA. The expanded network will run with 37 trams, including 22 new Citadis vehicles that will start operating on the two new lines in December 2014. By 2015, the Nottingham network is expected to attract 20 million passengers annually.

NOVEMBER

City-Trafik begins testing two hybrid buses for Movia, the public transport authority. The Group now runs a fleet of eight hybrid buses in Denmark.

NOVEMBER

Groupe Orléans begins testing dual fuel buses that can run on either natural gas or diesel, bringing environmentally sound vehicles to Keolis' Canadian activities.

98%

The Virginia Railway Express (VRE) network in the United States reaches punctuality levels of 98 percent.

NOVEMBER

STIF, the public transport authority for the Ile-de-France region around Paris, launches its new website, which uses Canal TP's NAViTiA technology for its itinerary search function.

December

FRANCE

Keolis signed a public service delegation contract with the city of Orléans on 9 December 2011 to operate its urban transport network for a seven-year period from January 2012. From 29 June 2012, when the city's second tram line will launch, Keolis will entirely reorganise the city's transport offer. The new network will consist of 10 major lines, including the two tram lines and eight bus operations, six standard lines, 10 outer-urban lines, nine local lines and two Flexo services. With this new contract, worth 450 million euros in revenues, Keolis has demonstrated its capacity to assist PTAs both in developing a tram offer and redesigning existing networks.

World

LIL… …DON

PORTO

LILLE

THE NETHERLANDS

BELGIUM

100%

Keolis owns 100% of Groupe Orléans Express since December 2011.

Close up on 2011

DECEMBER

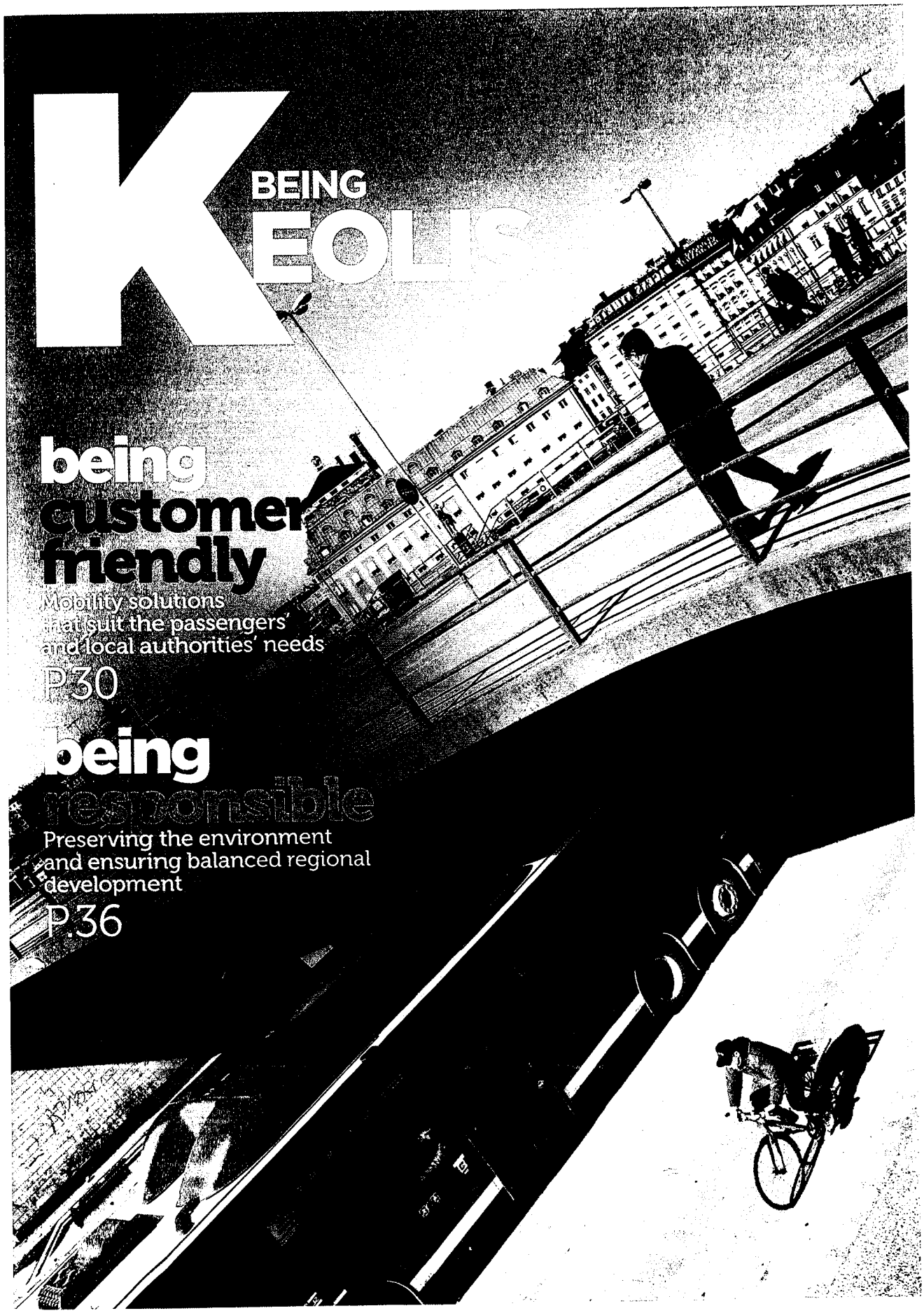
Keolis obtains the ISO 9001 and 14001 certifications in Norway.

DECEMBER

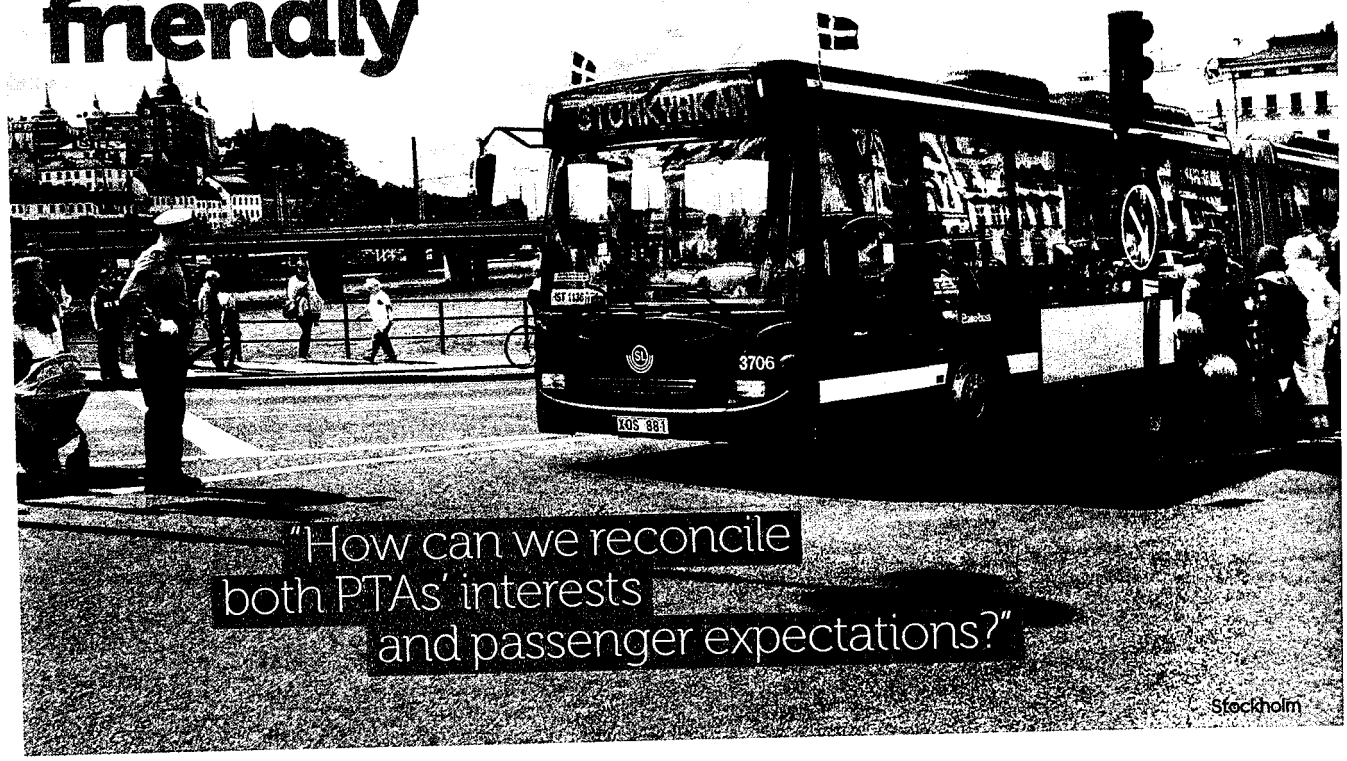
Keolis is awarded the public transport contract for the French city of Metz, taking effect on 1 January 2012.

DECEMBER

Yarra Trams is recognised as Australia's "Most respected public transport company" by a survey for business magazine BRW for the second time in a row. Keolis began operating the network two years ago.


BEING
being
customer
friendly
Mobility solutions
that suit the passengers'
and local authorities' needs
P.30
being
responsible
Preserving the environment
and ensuring balanced regional
development
P.36

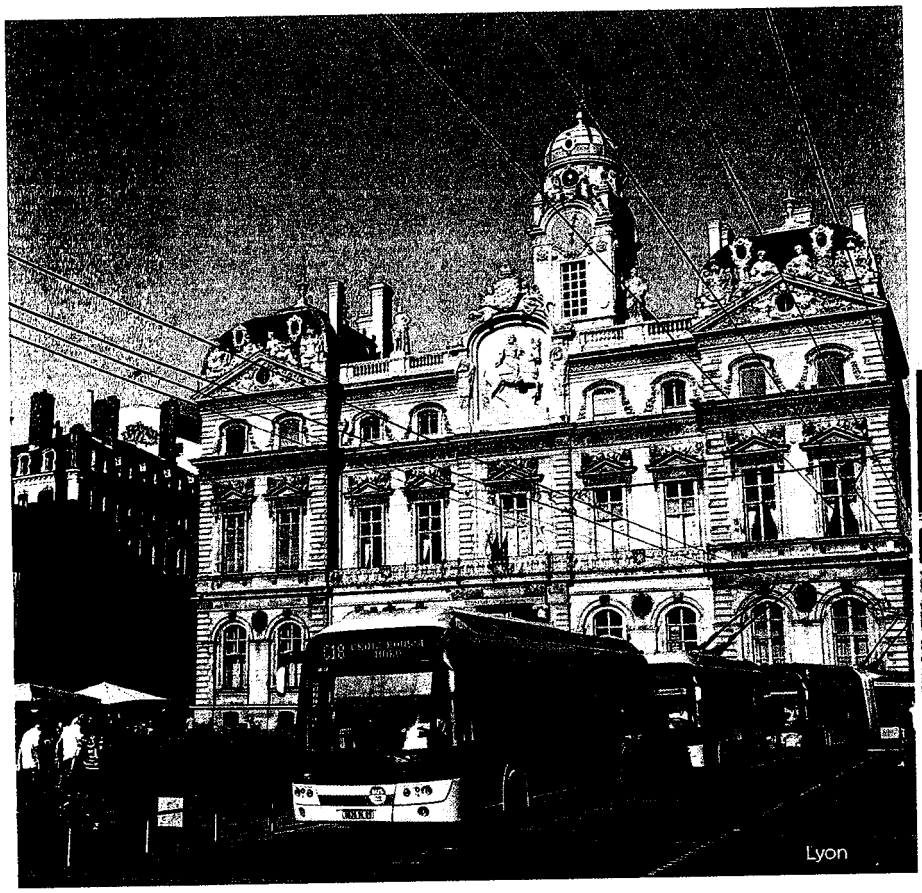
customer friendly



Keolis policy of partnering with Public Transport Authorities (PTAs) and its in-depth knowledge of passenger requirements enabled the company to win new tenders and renew the majority of its existing contracts.

DEFINING THE NEEDS OF PASSENGERS IN A CHANGING SOCIETY

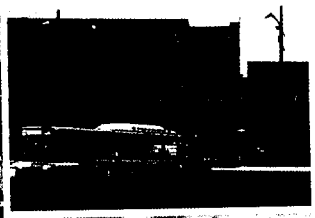
Over the course of the past few decades, life in the city has changed. New residential districts and commercial areas have sprung up, mainly on the periphery of our towns and cities, and the existing public transport offer often does not take these into account. Accentuating the phenomenon of urban sprawl, the changing lifestyles and the need for a quieter environment, has put added pressure on urban and peripheral areas, and as a result on public transport networks. As part of its tenders, Keolis has the capacity to study the needs of the local community. In Lyon and Angers last year, Keolis organised meetings with sociologists in residential areas, enabling the Group to collect feedback on a transport network, how well the offer is understood, and how it can be improved. In Sweden, the local authorities' expectations have evolved. They are now increasingly outsourcing responsibility for turnover and services to transport operators. As part of the E19 tender in Stockholm, Keolis Sverige has answered these expectations by initiating, in partnership with a local consultancy, a



Lyon

70

million trips **on the Rennes network every year compared to 30 ten years ago.**



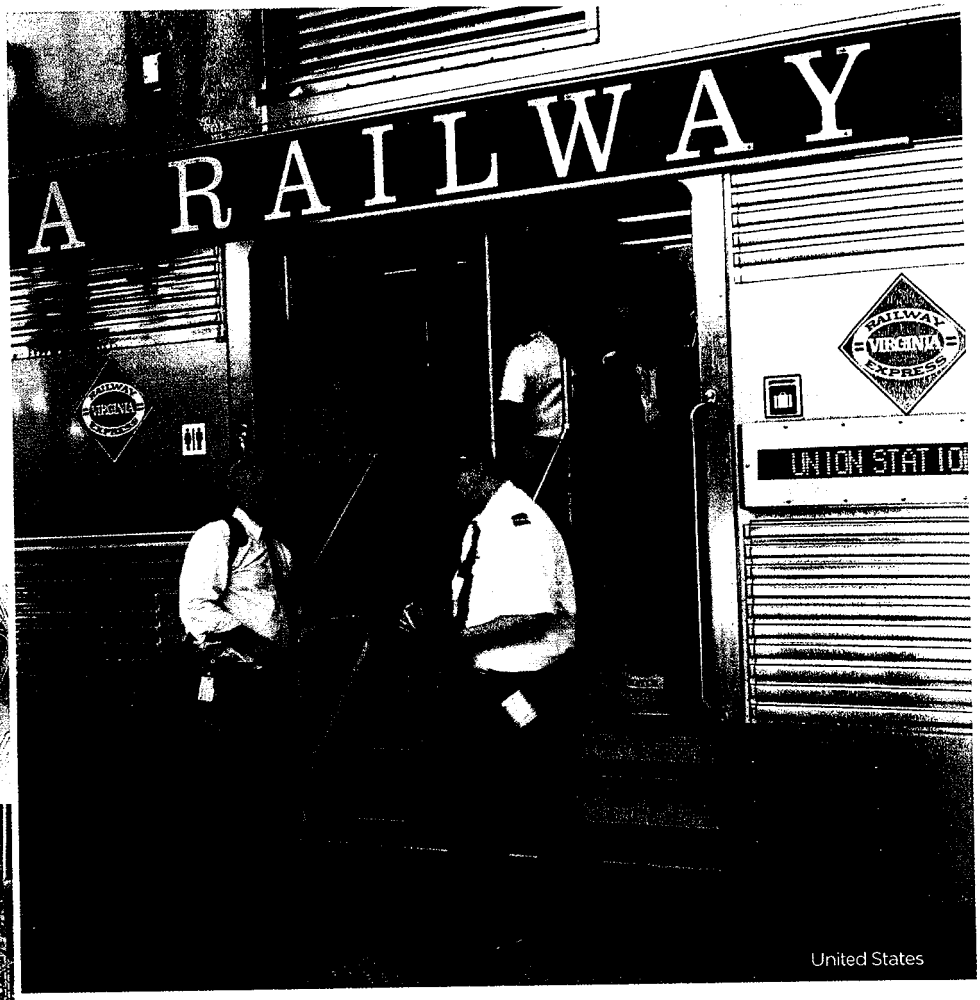
study into how the network could be improved. This was a first in the Group's international activities. In-house marketing skills were transfered to the Swedish subsidiary by training local staff.

BEING TRAVELLER-CENTRIC

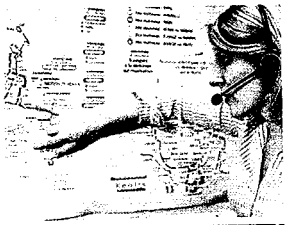
One of the key findings of the latest Keoscopie study, undertaken in 2011, was the importance of taking the individual into account when defining transport policy. While pass holders represent an average of 75 percent of traffic on an urban network, they only account for 25 percent of individual passengers. In only taking into account the needs of this minority of passengers, transport operators miss the opportunity to convert occasional travellers into regular users. By analysing the needs of all passengers, Keolis is able to propose services that are more likely to appeal to a greater proportion of the public. Thanks to an offer that includes improved services, Keolis has increased the number of trips in Rennes from 30 million to 70 million over the past 10 years.

25%

of individual passengers are pass holders.



United States



7,400

customers
have had direct contact with Yarra Trams in 2011.

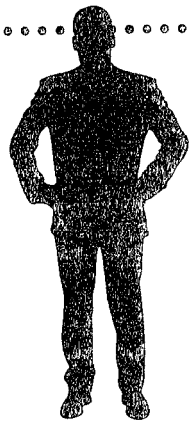
LISTENING TO THE PUBLIC

Keolis subsidiaries worldwide are increasingly using customer feedback, whether positive or negative, to improve their services. Changing the way subsidiaries perceive customer service, evolving from a reactive to a proactive approach, helps to develop an effective management tool for improving services. The Group's Yarra Trams operation in Melbourne, Australia, is a case in point. Customers have access to various options for giving their opinion: by regular mail or a toll-free telephone number, through the Yarra Trams website, via the TramTRACKER iPhone application, or in person at the Meet the Managers sessions held regularly at major tram stops throughout the city. At Virginia Railway Express (VRE) in the United States, Keolis also has a multiple approach to customer service, using on-board surveys, online forums and emails to keep in touch with passengers and garner their impressions. The Group is using feedback from such policies around the world to improve the treatment of customer service throughout its networks, and is increasingly using social media on a local level to listen to travellers with the ultimate aim of conforming with its ethos – think like a passenger – to the highest possible standard.

PARTNERING WITH LOCAL AUTHORITIES

The Group makes a point, at least once a year, of revisiting each of its networks,

Key points for...



Paul Nilsen

Executive Director, Head of Administration and main advisor for the Hordaland County

66 The tramway improves drastically the image of our city

Bergen is the second biggest city in Norway, with a total of 380,000 inhabitants in the metropolitan area. Until June 2010 we only had a bus and trolleybus network serving this area resulting in high congestion of the city centre. In 2008, we decided to trust Keolis and its joint venture partner Fjord1 to operate a new tramway line for seven years, starting from June 2010. Specialists from Le Mans, France, came to train 70 regulators in Bergen who were then able to train local drivers. This was a big challenge for Keolis who was launching its first tramway operations outside of France. Now we can say that this is a success. Having the tramway, called Bybanen, improves drastically the image of our city. It offers a transport mode that respects the environment while improving traffic in the city centre. Surveys throughout 2011 have shown a passenger satisfaction rate of 99% for the cleanliness of the tramsets and the drivers' professionalism.
We were right to associate Keolis' expertise in public transport and Fjord1's knowledge of the local area. Keolis also has a financially stable structure which nowadays is crucial. 99

looking at pricing, quality of service and customer relations and advising the local authority on how services could be improved. Building a long-term relationship of trust and partnership ensured that Keolis renewed the majority of its domestic contracts in 2011, while winning some new ones, proving that the Group's approach continued to convince PTAs.

Keolis works with the authorities to develop an offer that makes the best possible use of available resources while still providing a reliable, regular service. Propositions like the regular on-demand concept "Flexo" saw increased popularity with local authorities in 2011, as they are able to maintain coverage of a given territory, while reducing costs for the PTA.

REORGANISING NETWORKS TO BETTER COVER TERRITORIES

The changes in the urban environment and people's lifestyles mean that people increasingly need to travel not from outside the city to the centre, but from suburb to suburb, which is where the public transport offer is generally most lacking. Keolis' in-house knowledge allows it to study the needs of a network and redesign it according to this. In a European first in August 2011, Keolis Lyon completely restructured the bus network, redesigning 850 lines out of a total of 1,000 after more than two years of research into the population's transport needs. The network was made simpler, connections between different transport modes were reinforced,

850

lines out of a total 1,000 were redesigned in Lyon to better fit people's needs.

Key points for...

Ian Morgan

Deputy Chairman of Wellglade and Director of Trent Barton, President of the Derbyshire and Nottinghamshire Chamber of Commerce and Chairman of the Confederation of Passenger Transport UK.

66 Optimizing the connections between our buses and the tram service

We have been selected, as part of the Tramlink consortium (including Keolis, Vinci, Alstom, Meridiam and OFI InfraVia), to operate the tramway in Nottingham and to manage the extension project for two new tramway lines. The tram is a natural extension of what we already do, moving people around the city by bus. Keolis' status as a leading tramway operator was a real plus, and in particular its operations in Melbourne really impressed people. I suppose you could say it was the dream ticket: the locally rooted East Midlands transport operator combining forces with the expertise of the leading tram operator. Trent Barton have a nationwide reputation of running high quality bus services and listening to our customers, and we are 100% market driven as our services are not subsidised by local authorities. We see our bus operations as both competitive and complementary to the tram. We will go where the customers want us to take them. We want to optimize the connections between our buses and the tram service, our common objective with Keolis being to increase patronage on the tram. 99

77%

of journeys **now take place outside peak hours due to changing lifestyles and working hours in France.**

40%

of passengers **admit to occasionally not having bought a ticket.**

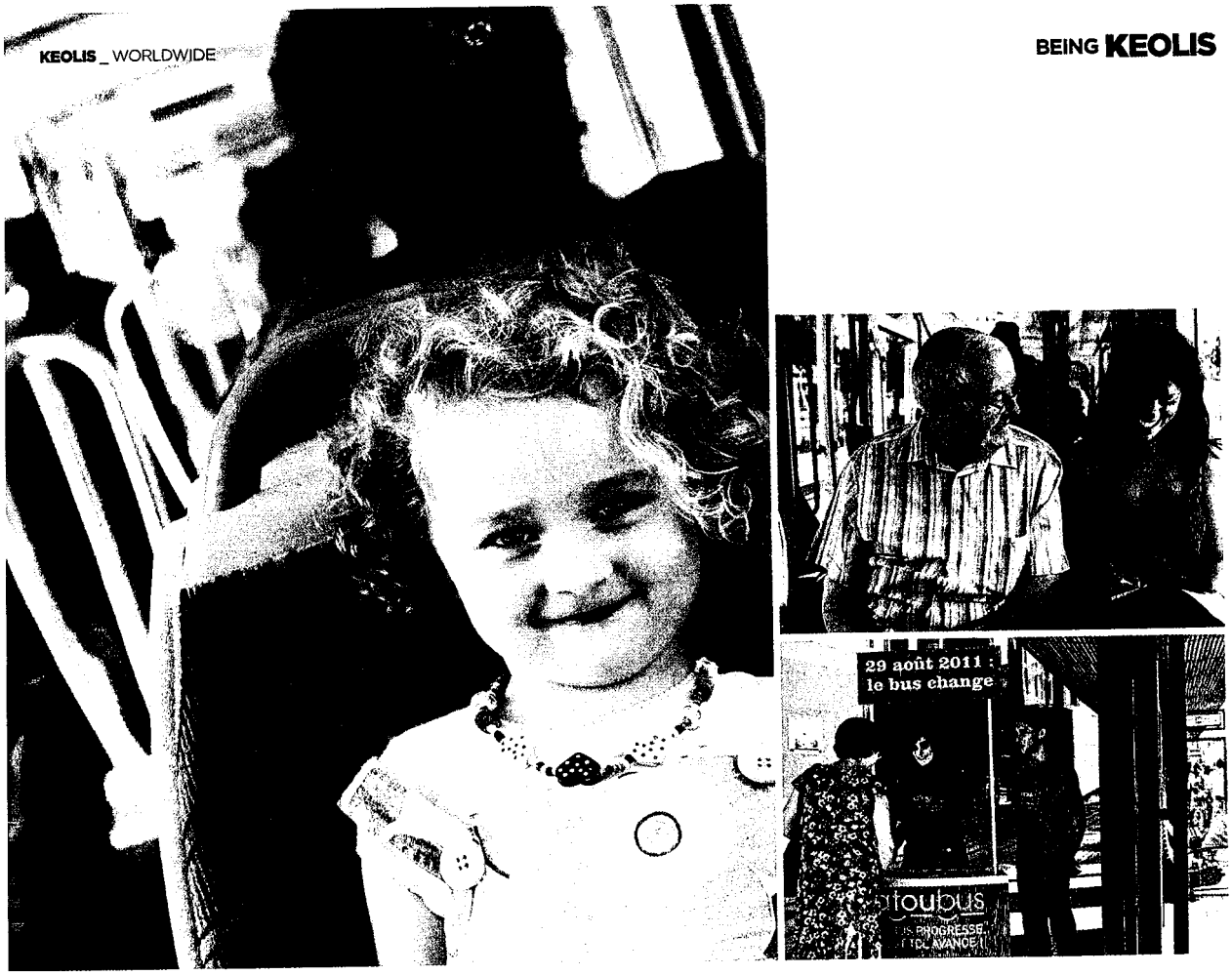
and new lines serving industrial areas and linking suburbs were launched. With no change in budget, the offer was increased by 6 percent, and since launch, traffic has grown even more.

MAKING PUBLIC TRANSPORT APPEALING AT ALL TIMES OF DAY

The focus of most public transport networks has always been peak hours. Yet, Keolis' most recent research on the French market has revealed that a massive 77 percent of travelling is now done outside those times, partly because of changing lifestyles and working hours. This means that in devising an offer, public transport operators must see beyond the rush hour in order to avoid alienating potentially loyal customers. Keolis believes that urban lines must be run at the same frequency throughout the day and evening, providing a regular service for those who need it, and discouraging them from using their car because they have no alternative at the start or the end of their journey.

ADVISING LOCAL AUTHORITIES ON PRICING AND TICKETING

In the current economic climate, pressure on local authorities to offer better public transport at a lower or constant cost is strong. Keolis began working on advising PTAs on ticket



pricing and, based on its in-house research, can suggest innovative ways of pricing. For example, instead of increasing the cost of a single ticket, which is a barrier to occasional transport use, an option could be to encourage users to buy books of tickets at degressive rates.

The Group started to work on a turnkey ticketing system that would be available to small and medium-sized towns at a lesser cost than if they were to buy such a system independently. Integrating this system would allow authorities to find out more about their passengers by offering passes that assess passenger behaviour, thereby gaining invaluable information about how the population as a whole uses the transport system.

FIGHTING FARE EVASION

Keolis' research into fare evasion has revealed that while delinquent behaviour represents a total of 10 percent of traffic, a much larger 40 percent of the population admits to occasionally not buying a ticket. This discovery means that transport operators and PTAs alike must change their behaviour regarding fare-dodging to take into account this figure. The Group is now analysing the results of its study in order to suggest new ways of dealing with this reality in the future. ●

10%

is the rate of delinquent behaviour on total traffic in France.

being responsible

"How can we take into account social and environmental considerations while buildi the transport networks of the future?"

A growing part of the Group's integrated offer is in soft modes of transport like bicycle hire schemes and peripheral car parking. The Group is also increasing the use of alternative fuels and adopting different solutions to reduce its emissions.

KEOLIS' MULTIMODAL OFFER

Soft modes of transport played an incremental role in 2011. Keolis unveiled new bicycle hire schemes as an integrated part of its offer in the French cities of Laval, Angers and Lille. The Lille scheme, which will offer a total of 10,000 bicycles by 2014, includes 8,000 units for short and long-term hire, including electric models and 2,000 offers for free, proving that the Group can offer a wide range of cycle solutions and adapt them to the local context. Parking is also an increasingly important part of the public transport offer, for example allowing users, notably those who live outside major agglomerations, to park their vehicles on the periphery and use city transport to travel to work. Thanks to its integration of EFFIA in 2010, these are now increasingly taken into account at the conception stage for new networks.

The seamless network, with a core tram, metro and/or bus system, can be complemented with on-demand or semi on-demand services like the Group's Flexo offer, which convinced several new French authorities in 2011. This allows a PTA to take into account, within the same

offer, a core network with regular lines without neglecting more isolated parts of the community, who also need a reliable public transport offer.

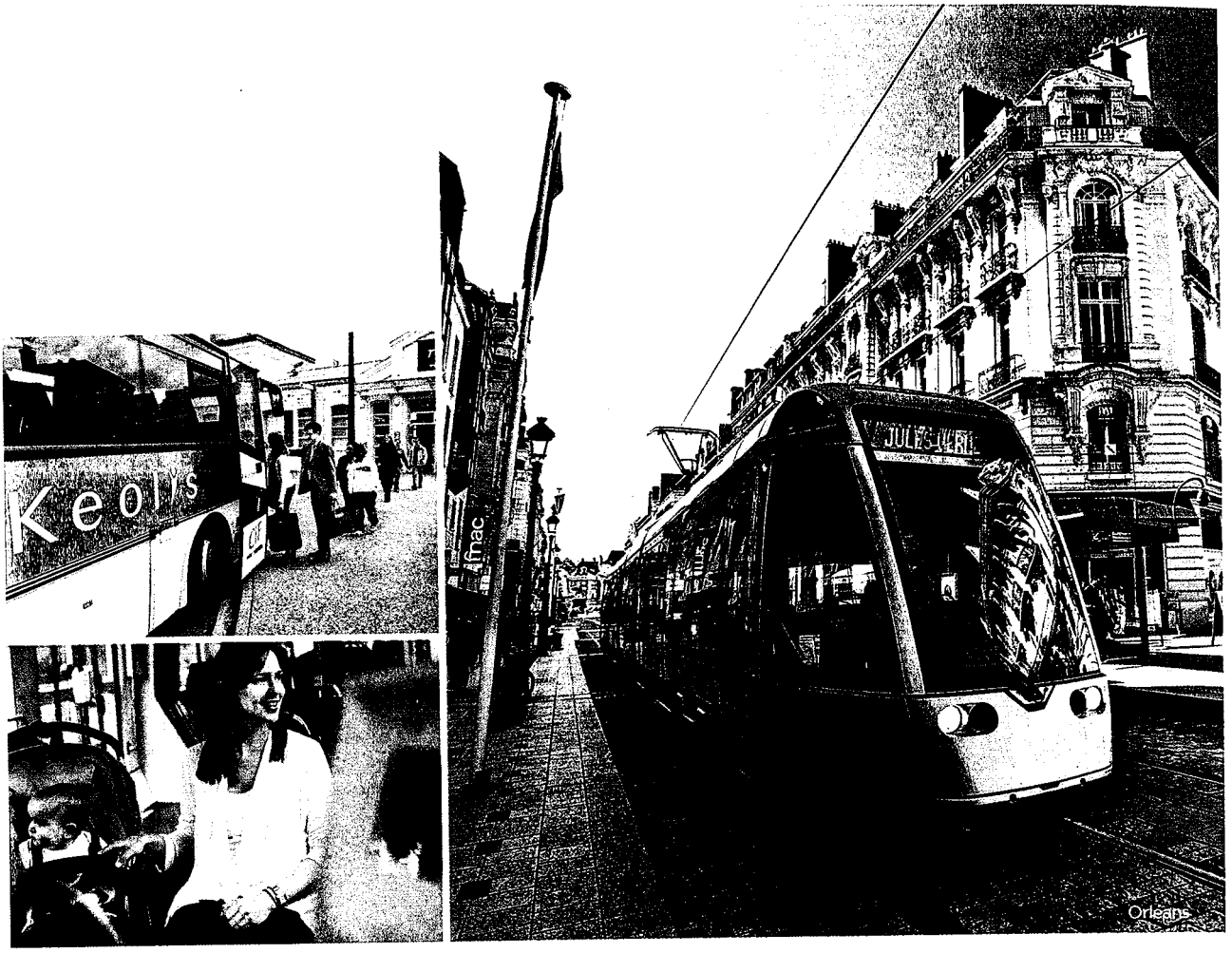
TRANSPORT SOLUTIONS USING ALTERNATIVE ENERGIES

Keolis is currently the world public transport leader in the use of alternative energy. In order to reduce fuel consumption, there is no one-size fits all strategy, so the Group is diversifying its offer in a variety of ways that are most appropriate to the local context and the availability of environmentally friendly solutions. Some 90% of the Group's emissions come from the traction of its vehicles, so the core of its emission reduction efforts must be centred on this domain. As such, Keolis' fleet uses increasingly diversified environmentally friendly sources, and some 25% of the company's total fleet now runs with alternative fuels.

In Sweden and Denmark, PTAs are willing to have more and more bus fleets running on biofuels. Where the local regulatory context allows it and when sufficient provisions are available locally, Keolis is also making this a priority elsewhere. The company's winning tenders in the French city of Orléans will include the use of biodiesel, two hybrid buses and eight electric shuttles.
Driver behaviour also has an important impact on fuel consumption. In addition

90%

of the Group's emissions **come from the traction of its vehicles.**



25%

of the company's total bus fleet runs with alternative fuels.

to training them, the company has begun investing in on-board systems that alert drivers of bad practices. Such systems are being tested in different fleets around the world, and based on the results of these tests, the Group will work with vehicle manufacturers to define a standard and integrate them into all new vehicles.

INNOVATING TO BUILD THE TRANSPORT OF THE FUTURE

Public transport has always played an important role in reducing energy dependence. Finding new ways of reducing its fleet's consumption has been a priority for Keolis for many years now. Research into new, less fuel-hungry modes of transport is key, and the Group is working on several prototypes that may determine how public transport evolves in the future.

In partnership with the French authorities, Keolis is involved in a research project to develop Europe's first ever 100 percent electric large capacity coach with rooftop solar panels. Another test in Lille means Keolis began testing a hydraulic diesel bus in situ at the end of 2010. The unmarked bus, which runned on regular lines used a regenerative braking system that enables to charge hydraulic reservoirs. The tests ended in February 2012 and revealed that the fuel consumption could be reduced by 17%.

Key points for...

Michael Brandt-Nielsen

CEO, City-Trafik, Denmark

66 Safety is the core of our business

Our depot in Aalborg received the safety certification 18001 in 2011. With the help of Force Technology, one of the leading consulting firms for the technology and service sectors, City-Trafik has formalised its existing processes linked to risk prevention. Safety at work is already widespread within our company which means the processes did not have to be changed to get this certification. Our focus will be to maintain a clear dialogue between local management and staff, provide training on protection and how to deal with physical assaults, attract drivers and increase driver retention. Obviously, compliance with legislation on occupational safety and health is also key, as well as taking measures to prevent occupational disease and the risk of accidents at work. We have always had high quality standards in terms of safety. With the 18001 certification, we can now prove it. We are looking at getting more depots certified, but this can only be done in agreement with the local authority. I believe that having a certificate is crucial because it helps us keep our focus on safety, which is the core of our business. 99

HAND IN HAND WITH SOCIETY

Public consultation is key to building attractive public transport networks. As such, Keolis has instigated what will become a series of twice-yearly meetings with stakeholders, including local authorities, sustainable development experts and representatives of the general public, in order to find out how the Group's actions are perceived and how the Group can better cater to demands in the future.

The Group also uses dialogue with the local population as a key part of planning its tenders. In Orléans, where Keolis won the tender in 2011, one of its promises was to take into account at least 70 percent of public requests without changing the main principles of the network proposition with which it won the tender for the city's transport offer.

Improving accessibility to public transport for all segments of the population is an essential part of providing a true public service, which has always been Keolis' vocation. The Group is working on improving access and understanding for everyone, with a particular focus on the most fragile populations. As well as catering for passengers with reduced mobility (PRM), the Group is working on ways to improve visual and vocal signage, for example for the visually impaired and hard of hearing, as well as people who have difficulty understanding transport maps.

Keolis maintained its position as France's leading player in transport for people with

90% of public requests **have been taken into account when changing the network proposition in Orléans.**

Key points for...

Anne-Marie Ducroux

Founder of Au Nom du Vivant, President of the Environment section of the Economic, Social and Environmental Council, First President of the French National Council on Sustainable Development

66 The stakeholders have been involved in the dialogue

The stakeholders in a public transport company are diverse: passengers, local governments, PTAs, associations, experts, economic and public representatives, sustainable development and mobility players. It is necessary to approach Corporate Social Responsability (CSR) from two different angles: the company's vision of itself and its ability to understand external expectations. In order to be able to listen, you need to meet half way, learn from each others' ideas and questions, anticipate the necessary changes and prioritize different concerns. In their relationship with Keolis, the stakeholders have been involved in the dialogue and proposed many ideas. For its part, Keolis has initiated dialogue with a will to learn and listen to what the different players have to say about its positioning, its vision and its projects. Keolis has not hesitated to tackle the questions raised, sometimes by envolving several of its top managers. This is proof that the group is modest, serious and open-minded.

1 M

is the number of physically impaired passengers **that Keolis transports every year.**

reduced mobility (PRM) in 2011, and won in Rouen the tender for the operation of several on-demand lines for mobility-impaired users, launching a new service in September that has exceeded targets since it began operations.

Keolis' social responsibility is also reflected in its citizenship commitment. The Group has been a founding member of the PIMMS National Union (local community information centres) since 1998. These centres facilitate the contact between inhabitants and public services or administrations in areas where access to these services is limited, often in socially sensitive districts. PIMMS centres favour professional integration by employing job seekers.

THE POWER OF TEAMWORK

The well-being, health and safety of Keolis' employees are paramount, and the Group never forgets that its success is largely thanks to the people it employs.

As such, the Group extended its well-being at work surveys to 11 of its largest French entities in 2011, and gained an impressive 50 percent response rate. The surveys help Keolis to improve on areas of concern to its employees, like drivers who are worried about how to cope faced with urban incivility. In response, the Group has taken on specialists in its largest subsidiaries to train drivers on how to deal with stressful situations. Certain of the company's depots, for example in Sweden, have been equipped with relaxation rooms for staff to use during their breaks.

In Rennes, the company even provides drivers with a massage service to help them wind down after a stressful shift. In order to allow existing employees career progression and job satisfaction, the Group began using voluntary personality tests as part of bi-annual meetings with employees, a method it already uses systematically for external recruitment.

EMPLOYEE DIVERSITY AND TRAINING

Employee diversity remains a priority, and Keolis is continuing its drive to recruit more women and mid-career professionals. Some 32% of Keolis' managers are now women, and among drivers, they are 20%, a figure that is significantly higher than the average in the industry. As for young talent, the company is continuing with its talent nursery programme, which recruits graduates for in-house training. Now in its fifth year in France, the Group plans to open similar programmes for graduate trainees in Sweden and Australia in the near future.
To cater to the explosion in tramway development in recent years, the company decided to launch its own training centre for tram drivers and instructors, which opened its doors in early 2011. The centre houses one of the Group's first tram simulators. ●

32%

of Keolis' managers are women.

Indicators

Since 2004, in connection with the United Nations Global Compact, Keolis has monitored a set of indicators covering six categories: business, mobility, quality, human resources, social responsability and environment.
In 2011, a summary of the consolidated results from the Group Keolis S.A.S. financial report has been added.

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General scope of dashboard

Indicators for the Business Activity and Human Resources categories cover all subsidiaries and result from the Group's consolidated figures. The other indicators were established based on data from 86 subsidiaries. Eighty are urban and interurban subsidiaries and represent 74% of the turnover in France. The scope also takes into account six international subsidiaries from four countries in which the Group operates: Belgium, the UK, Sweden and Denmark.

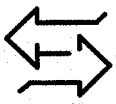
Three levels of data are therefore supplied: France, international and Group total. Characteristics specific to each country mean it is not possible to use exactly the same indicators in all countries.

Key figures

The Group's key figures are presented in million euros.

Business activity

This part illustrates changes in the Group's business activities over the last three years.



Mobility

- The journeys criterion is mainly completed by urban subsidiaries, since interurban subsidiaries are not all in possession of this information.
- The "Networks offering combined tariffs between operators" indicator highlights pricing synergies between all types of transport operators (interurban networks, bicycles, etc.)
- The "Share of the fleet accessible to passengers with reduced mobility" covers all road vehicles.

Two new indicators have been incorporated into the reporting:

- the number of subsidiaries offering Company Commuter Schemes.

- Alternative modes of transport cover self-service bikes or long-term bike rental, as well as transport for people with reduced mobility, car-sharing and on-demand services.

Quality

Group subsidiaries' commitment to quality is illustrated by the "Networks committed to a quality approach" indicator. This quality approach may be based on an ISO standard, a NF standard or another approach.

Human resources

The indicators have been consolidated by the Group's Human Resources department. In France, this data comes from the Group's corporate report covering subsidiaries and head office. In other countries, the data covers that particular country. For the Netherlands and the UK, the workforce is consolidated on a pro rata basis according to participation in subsidiaries. Data concerning managers and women is not available for these two countries.

Social responsibility

- Social responsibility projects supported by subsidiaries are expressed in terms of financial support.

Environment

- The breakdown of kilometres travelled using different types of energy is expressed as a percentage.
- For France, the "other alternative fuels" share includes kilometres travelled using Gecam, Diester and LPG. Internationally, this share includes kilometres travelled using ethanol, biogas and 100% biodiesel.
- The kilometres travelled using biogas and natural vehicle gas are included in the "CNG or biogas" figure and other fuels in the "other alternative fuels" figure.
- The quantity of CO_2 emitted for traction is calculated based on actual fuel consumption and emission factors resulting from the Bilan Carbone™ spreadsheet.
- The number of sites equipped with a water recovery system includes sites fitted with a system for recovering washing water and/or rainwater.
- For fleets outside France, non-European Union subsidiaries are not subject to the same vehicle regulations. In North America, emissions thresholds are set by the US Environmental Protection Agency (EPA).
- Indicators relating to waste cover a narrower scope: 34 subsidiaries for hazardous waste and 39 subsidiaries for non-hazardous waste.

Key figures
(in million euros)

	31/12/2011	31/12/2010	31/12/2009[2]
Revenue	**4,443**	4,113	3,424
Revenue net of sub-contracting	**4,295**	3,972	3,316
Recurring EBITDA	**274**	246	193
EBITDA	**266**	233	184
Profit from continuing operations	**147**	126	101
Operating profit	**110**	94	56
Profit after tax from continuing operations	**43**	42	24
Profit attributable to equity shareholders	**37**	35	20
Total equity *of which attributable to equity shareholders*	**1,037** *1,019*	992 *979*	682 *675*
Dividends received (distributed)	**298**	202	283
Industrial investments	**178**	141	177
Financial investments	**52**	(20)	31
Net financial debt (Cash surplus)[1]	**336**	381	387

(1) Surplus cash positions are presented in brackets.
(2) Figures were retreated in 2010 following a change in accounting method.

Business

	2011	2010	2009
Revenue (in billion euros)	**4.4**	4.1	3.4
Revenue breakdown (%) France City France Regional Other and EFFIA international	**32** **17** **4** **47**	32 18 5 45	36 19 4 41
Countries in which the Groupe is present (list)	**Australia** **Belgium** **Canada** **Denmark** **France** **Germany** **Norway** **Portugal** **Sweden** **The Netherlands** **United Kingdom** **United States**	Australia Belgium Canada Denmark France Germany Norway Portugal Sweden The Netherlands United Kingdom United States	Australia Belgium Canada Denmark France Germany The Netherlands Sweden United Kingdom
Number of car sharing vehicles	**95**	70	25
Number of towns with bike sharing schemes	**16**	15	10
Passenger rail network (in km)	**4,900**	4,900	4,900
Underground, traditional and driverless rail networks (in km)	**87**	87	87
Shareholder breakdown (in % on 31 December)	40.7% AXA Private Equity + Caisse de dépôt et placement du Québec, 56.5% SNCF Participations, 2.8% Keolis management and employees (1st January2012)	40.7% AXA Private Equity + Caisse de dépôt et placement du Québec, 56.5% SNCF Participations, 2.8% Keolis management and employees (1st January2011)	40.8% AXA PE + Caisse de dépôt et placement du Québec, 56.7% SNCF Participations, 2.5% Keolis management (4th February 2010)

Mobility

	2011	2010	2009
Distance travelled for all transport modes (in thousand km)	**908,374**	872,346	814,346
including France	**318,272**	294,887	281,908
including International	**590,102**	577,459	532,438
Variation in km travelled (in %)	**4**	7	
including France	**8**	5	
including International	**2**	8	
Passenger trips (thousand)	**1,632,850**	1,530,773	1,442,161
including France	**1,251,962**	1,158,299	1,081,142
including International	**380,888**	372,474	361,019
Variation in passenger trips (in %)	**7**	6	
including France	**8**	7	
including International	**2**	3	
Number of networks offering combined tariffs between operators, including SNCF	**43**	43	40
includind France	**42**	42	39
including International	**1**	1	1
Share of fleet accessible to passengers with reduced mobility (in %)	**47**	45	40
including France	**45**	39	35
including International	**52**	58	50
Subsidiaries offering company commuter schemes in France	**11**	11	12
Number of commuter schemes deployed in France	**67**	53	52
Number of networks offering several modes of transport	**18**	15	13
including France	**17**	14	12
including International	**1**	1	1
Number of networks offering alternative modes of transport	**19**	14	11
including France	**18**	13	10
including International	**1**	1	1
Number of networks offering information on multi-modal transport	**49**	39	35
including France	**48**	39	35
including International	**1**	0	0

Quality

	2011	2010	2009
Number of networks committed to a quality approach	**45**	42	38
including France	**43**	41	37
including International	**2**	1	1

Human resources

	2011	2010	2009
Number of employees	**50,163**	47,218	45,500
including France	**30,727**	30,813	45,500
including International	**19,436**	16,405	-
Percentage of recruitment from training, work-study ou apprenticeship contracts in France	**12.44**	17.07	11
Percentage of women in the Group workforce	**20.56**	-	-
including France	**22.4**	22.3	22
including International	**16.7**	14.6	-
Number of drivers	**33,428**	30,176	30,700
including France	**20,491**	20,566	-
including International (UK and Netherlands included)	**12,937**	9,610	-
Percentage of women drivers	**17.66**	17.20	-
including France	**19.39**	19.33	20
including International (excluding United Kingdom and Netherlands)	**14.48**	13	-
Number of managerial-level and acting managerial-level staff in France	**1,688**	1,684	1,355
Percentage of female managerial-level and acting managerial-level staff in France	**32.2**	30.36	28

Social responsibility

	2011	2010	2009
Number of incidents harming staff in France	3,646	3,025	2,770
Number of incidents leading to temporary sick leave in France	322	356	295
Community projects (value in €)	933,278	889,768	980,797
including France	860,327	828,827	935,885
including International	72,951	60,941	44,912

Environment

	2011	2010	
Total amount of fossil fuels (toe)	212,923	231,667	211,688
including France	115,351	122,466	138,939
including International	97,572	109,201	72,749
Quantity of CO_2 emitted - traction (tonnes)	815,755	911,333	781,348
including France	309,663	361,025	390,162
including International	506,092	550,308	391,186
Number of Label Vert or ISO 14001 sites in France	42	40	36
including France	41	40	36
including International	1	0	0
Share of Label Vert (or ISO 14001) sites (% of turnover - France)	31	30	29
Number of vehicles (buses and coaches) maintained under the EMS in France	3,303	3,062	2,677
Energy consumption of facilities-Electricity (kWh)	144,861,904	133,437,490	139,636,603
including France	54,327,904	63,725,490	61,825,603
including International	90,534,000	69,712,000	77,811,000
Energy consumption of facilities-Domestic fuel (m^3)	239	318	305
including France	209	292	282
including International	30	26	23
Energy consumption of facilities-Gas (heating) (kWh)	62,963,422	66,506,441	68,425,802
including France	34,767,422	37,747,441	38,880,802
including International	28,196,000	28,759,000	29,545,000
Annual water consumption excluding watering (m^3)	1,270,298	1,310,577	1,272,454
including France	290,381	342,028	333,698
including International	979,917	968,549	938,756
Water consumption/vehicle (m^3/veh)	93	105	107
including France	33	42	44
including International	197	224	222
Number of sites fitted with a water recovery system	27	23	23
including France	22	19	19
including International	5	4	24
Number of drivers trained in preventive or rational driving in France	2,980	4,900	5,280
Breakdown of kilometres travelled with diesel (%)	31	74	76.90
including France	73	70.40	71
including International	8	82.10	95
Breakdown of kilometres travelled with CNG or biogas (%)	5	7	7.70
including France	12	10.20	9.30
dont international	2	-	-
Breakdown of kilometres travelled with other alternative fuels (%)	7	12	7.90
including France	5	12.40	10.50
including International	8	13.50	-
Breakdown of kilometres travelled with electricity (%)	57	7	7.50
including France	10	7.90	8.30
including International	83	4.40	5
Total quantity of hazardous waste emitted per type and per vehicle (kg)	331	260	-
including France	203	147	174
including International	750	888	876
Total quantity of non-hazardous waste emitted per type and per vehicle (kg)	553	531	-
including France	564	503	940
including International	516	659	607

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Keolis would like to thank employees who contributed to preparing the annual report by sharing their experience and gathering information.

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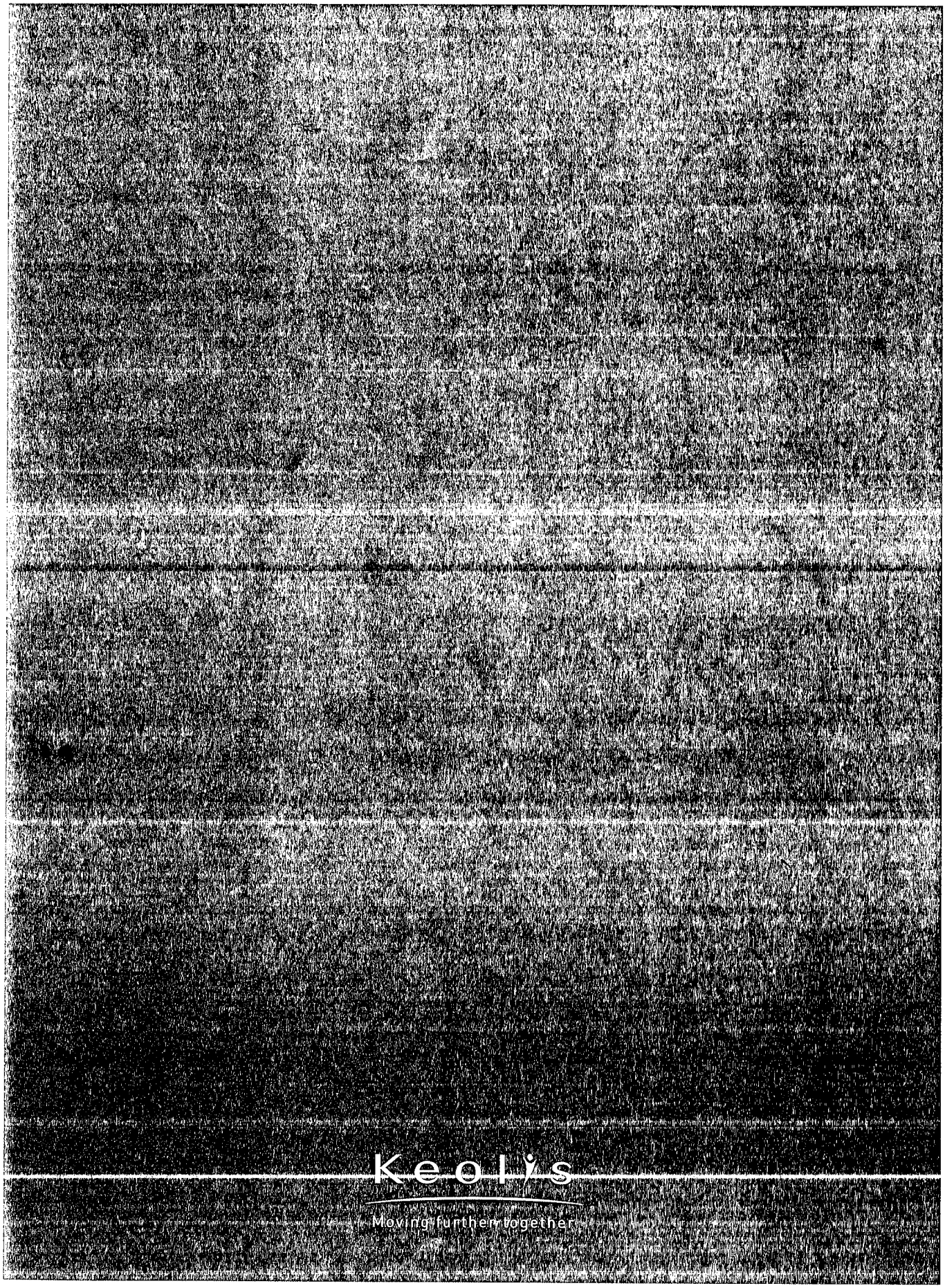
Keolis
Moving further together